

employee's claims in excess of \$100,000 each year. BCBSTX bills TMO weekly for insurance claims that it processes and monthly for administrative claims. Eligible employees who participate in the Health Insurance Plan pay their portion of the premiums each payroll cycle on a pre-tax basis, and have the option to seek coverage for their eligible dependents. Employees pay approximately 20% of the monthly premiums, and TMO pays the remaining 80% of the premiums. The premiums are calculated at the beginning of each benefit year (July 1) by an insurance broker that analyzes the insurance risk and appropriate premium. Employees are eligible for the Health Insurance Plan on the first day of the month that is at least thirty days after the Employee begins employment at TMO. The annual cost of the Health Insurance Plan to TMO is approximately \$955,414, which includes expenses related to medical claims and administrative expenses. As of the Petition Date \$16,394 in pre-petition medical claims are outstanding, and the Debtors have an accrued liability of \$225,000 related to the Health Insurance Plan. The Debtors seek authority to pay all obligations of Employees related to the Health Insurance Plan whether or not the liability arose pre-petition or post-petition.

75. Furthermore, approximately 16 of TMO's former employees are COBRA participants. While most former employees pay the full cost of the COBRA benefits (including the administration fees), TMO is required by law to fund 65% of the cost of involuntarily terminated employees' COBRA benefits. Currently, TMO's COBRA funding amounts to approximately \$7,200 per month.

76. TMO also provides a voluntary dental plan (the "Dental Plan") through Metropolitan Life Insurance Company of New York ("MetLife"). TMO splits the cost of the premiums for the Dental Plan. Eligible employees who participate in the dental plan pay their portion of the premiums each payroll cycle on a pre-tax basis, and have the option to seek

coverage for their eligible dependents. The annual employer cost of the Dental Plan to TMO is approximately \$22,000. To its knowledge, TMO does not owe any pre-petition amounts on account of the Dental Plan.

77. TMO provides a voluntary vision plan through Davis Vision, which is 100% employee funded. Annual Employee contributions to the vision plan total approximately \$9,000.

78. TMO's flexible spending accounts provide its employees with the opportunity to pay for their share of unreimbursed medical, dental, vision, and dependent care expenses with pre-tax dollars. Under the flexible spending accounts offered by TMO, each payroll period TMO withholds 100% of each employee's contribution to his flexible spending account from the respective employee's payroll check and wires such amounts to Discovery Benefits, Inc., the flex plan administrator. TMO requests authority to remit all necessary amounts deducted from employee paychecks on account of the flexible spending plans and to pay all flex plan claims in the ordinary course of its business.

79. Under TMO's life and AD&D insurance plan, TMO pays all premiums attributable to its employees' life insurance for a maximum coverage (in most circumstances) of \$495,000. TMO offers its employees the option to purchase additional life and AD&D insurance coverage. Any premiums attributable to additional life and AD&D insurance are withheld from the respective Employee's payroll check each payroll period. These premiums are paid to the appropriate Administrator each month. TMO also pays all premiums associated with short term and long term disability benefits. All such premiums are current through the Petition Date and no known amounts are owed on account of pre-petition claims.

80. Under the employee assistance program, TMO's employees and their eligible family members receive professional, confidential counseling and personal support on a variety

of work and life issues including legal questions, financial issues, parenting and family concerns, managing stress, depression or loss and more. TMO pays the entire cost of this benefit. All such premiums are current through the Petition Date and no known amounts are owed on account of pre-petition claims. However, as with other claims for which the Debtors will be responsible to pay, it is possible that *de minimis* pre-petition claims related to the employee assistance program are outstanding.

81. TMO maintains a 401(k) plan (the “401(k) Plan”), administered by John Hancock, through which participating employees may defer a portion of their salary to help meet their future financial goals. TMO’s employees are eligible to participate in the 401(k) Plan on the first day of the month following the Employee’s hire date. Employees are always 100% vested in their personal contributions to the 401(k) Plan. TMO matches employee contributions dollar for dollar, up to 6% of each employee’s salary. There is a three-year gradual vesting of the employees’ company-match portion of the 401(k) Plan (1/3 each year).

82. Contributions to 401(k) plans are paid to John Hancock each payroll period, with the next payment being due on or around August 31, 2010. TMO believes \$23,200 in pre-petition 401(k) contributions is due as of the Petition Date. The Debtors seek the authority to remit any such amounts deducted from employee paychecks, as well as the employer match, on account of the 401(k) plans. The average amount remitted to John Hancock each payroll is \$32,400.

83. TMO maintains workers’ compensation insurance under policies administered by Signal Mutual Indemnity Association Ltd. In consideration for its services, TMO pays an annual premium of approximately \$47,000. TMO pays all annual premiums in advance, as required by law. As such, all premiums are believed to be current.

84. As of the Petition Date, TMO is not aware of any outstanding workers' compensation claims. Nonetheless, because the payment of the workers' compensation claims is essential to the continued operation of TMO's business under the laws the states in which it operates, TMO seeks authorization to pay any and all pre-petition workers' compensation claims and to continue to fund the workers' compensation insurance policies in the ordinary course of their business.

85. In addition to the Signal workers' compensation policy, TMO also provides Protection & Indemnity (the "P&I Insurance") coverage for all employees working on vessels. At the Petition Date, TMO had an accrued liability of \$2.2 million on their balance sheet. As of the Petition Date, there were no known claims by current employees related to P&I Insurance. In an abundance of caution, the Debtors seek the authority to pay any amounts that may arise for Employees related to P&I Insurance whether the liability arose pre-petition or post-petition.

86. TMO pays for employees parking at its headquarters through its office lease. TMO also pays the service charges for employees' BlackBerry smart phones and cellular phones. To assist with employees' injury or wellness issues while traveling abroad for business reasons, TMO offers a business travel medical plan through HTH Worldwide. Finally, TMO offers certain employees a small transportation allowance to assist with costs related to commuting to the headquarters. The Debtors seek authorization to continue these miscellaneous benefits in the ordinary course of business. It is possible that *de minimis* pre-petition amounts for such miscellaneous benefits are outstanding.

87. As set forth above, numerous plan administrators assist the Debtors in the day-to-day administration of their Employee Benefits plans. The Debtors seek Court authority to continue to pay the fees and costs of the plan administrators in connection with the Employee

Benefit plans in the ordinary course of business, including any that accrued or are owing for periods prior to the Petition Date. The Debtors believe that any pre-petition amounts due to the plan administrators are *de minimis*.

88. For the reasons stated previously herein, the Debtors submit that the relief requested is absolutely necessary to prevent immediate and irreparable harm to these estates.

89. No prior request for the relief sought in this Motion has been made to the Court in these Cases.

Debtors' Motion to (A) Authorize Debtors to Pay Adequate Assurance Payments to Utilities and (b) Prohibit Utilities from Altering, Refusing, or Discontinuing Services

90. Although many traditional utilities services are paid by the Debtors' landlords in accordance with the applicable lease provisions, the Debtors directly pay for certain other utility services, such as telephone and communications services, electricity, water, and other similar services that are necessary for the continued operation of the Debtors' day-to-day business operations. A list of these Utilities is attached to the Motion as **Exhibit A** (the "**Utility Provider List**").¹⁸ In some cases, the Debtors have paid a security deposit to a Utility, as set forth on Exhibit A. The Debtors have made a good-faith effort to identify all Utilities and list them on the Utility Provider List. As of the Petition Date, there are no defaults or arrearages with any Utility. On average, the Debtors' aggregate monthly utility expenses are approximately \$45,879.00.

91. Uninterrupted utility service is critical to the ability of the Debtors to operate and maintain the value of their businesses for the ultimate distribution herein and to maximize value for the benefit of the creditors. The Debtors could not operate their businesses without utility

¹⁸ Inclusion of any entity on, or the exclusion of any entity from, the Utility Provider List is not an admission by the Debtors that such entity is or is not a "utility" within the meaning of Bankruptcy Code § 366, and the Debtors reserve their rights to contend that any entity listed on **Exhibit A** is not a utility.

service. Should any Utility refuse or discontinue service, the Debtors would be forced to cease or limit operations. Such a cessation would substantially disrupt operations and result in loss of revenues, which could irreparably harm and jeopardize the reorganization efforts or other objectives of the Debtors.

92. The Debtors fully intend to pay all post-petition obligations owed to the Utilities in a timely manner and expect that they will have funds sufficient to pay all such obligations.

93. As adequate assurance of future payment to the Utilities, the Debtors propose to deposit cash in an amount equal to the approximate aggregate cost of two weeks of utility service from the Utilities calculated as an historical average which would aggregate approximately \$21,411.00 (the "Adequate Assurance Deposits") into a newly-created, segregated account (the "Utility Account") within ten business days after the date of entry of the Interim Order approving this Motion. Upon the effective date of any chapter 11 plan of the Debtors, unless otherwise provided in such plan or other order of the Court, the Debtors, in their sole discretion and without further application to or order of the Court, seek authority to close the Utility Account and return all remaining funds to their operational and deposit accounts maintained in the ordinary course of business. The proposed Adequate Assurance Deposits by Utility are set forth on Exhibit A to the Motion.

94. The Debtors submit that the Adequate Assurance Deposits, in conjunction with the Debtors' ability to pay for future utility services in the ordinary course of business in connection with the debtor in possession financing budget to be approved in the Cases, (collectively, the "Proposed Adequate Assurance"), constitutes sufficient adequate assurance to the Utilities. The Debtors have made an extensive and good-faith effort to identify the Utilities

and include them on the Utility Provider List. Nonetheless, it is possible that certain Utilities have not yet been identified or included.

95. Far from offering the Utilities nominal additional assurance of payment, the Debtors have agreed to fund the Adequate Assurance Deposits and keep payments to Utilities current during the pendency of these Cases, which includes payment for all amounts owed to Utilities accruing postpetition. In accordance with the adequate assurance procedures set forth in the Motion, Debtors have also provided the Utilities with the opportunity to seek greater or different security. Such assurance of payment should significantly alleviate – if not eliminate – any concern of nonpayment on the part of the Utilities, and is, thus, clearly “adequate.”

96. The Debtors further submit that the relief requested in the Motion is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects.

97. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

**Debtors’ Motion for Authority to Pay (I) Pre-Petition Sales and Other Taxes and
(II) Licensing and Permit Fees in the Ordinary Course**

98. In connection with the normal operation of their businesses, the Debtors accrue liability for certain Taxes, including ad valorem taxes on personal property, to various state and local taxing authorities (the “Taxing Authorities”). A comprehensive list of these Taxing Authorities and estimated pre-petition amounts owed is attached to the Motion as Exhibit A.¹⁹ On a periodic basis, which varies depending on jurisdiction, the Debtors pay to the Taxing

¹⁹ The Debtors have made every effort to identify all taxing authorities, and they believe the list of taxing entities set forth on Exhibit A is substantially complete.

Authorities collected and accrued taxes by funds drawn by check or by means of an electronic funds transfer.

99. The majority of the Debtors' sales taxes are owed to the states of Texas and Louisiana. Ad valorem taxes are assessed and become payable in the ordinary course of business and are calculated based on a statutorily mandated percentage of property value. The Debtors do not own real property and, thus, all ad valorem tax obligations relate to personal property. Generally, ad valorem taxes are due annually; the timing of the payment of ad valorem taxes varies from jurisdiction to jurisdiction. Because ad valorem taxes are payable annually, the Debtors' next tax bill, the amounts of which are unknown at this time, will necessarily include taxes accruing prior to the Petition Date.

100. The Debtors also pay a variety of other Taxes, including franchise taxes and other surcharges. The exact amount of these additional Taxes are not known at this time, but are not expected to be material in amount. Although the Debtors are subject to federal and state income taxes, they estimate that they will not have ongoing liability for such taxes due to their financial condition. The Debtors believe that the pre-petition amounts owed for each of these additional Taxes is *de minimis*.

101. The Debtors' payment of the Taxes is necessary to avoid the obstacles to a smooth transition into the Cases that will likely attend the failure to remit such taxes, including the failure to maintain good standing, the inability to make representations required by secured lenders, potential audits by state and local Taxing Authorities and the threat of personal liability for the Debtors' directors and responsible officers. Significant disruptions of the Debtors' operations of this type threaten to irreparably impair the Debtors' ability to conduct a successful reorganization process and thereby maximize the value of the Debtors' estates for the benefit of

creditors. Accordingly, payment of the Taxes, including any amounts due from pre-petition periods, is warranted in these Cases.

102. The failure to satisfy such obligations could have a material adverse impact on the Debtors' operations and, therefore, the value of the Debtors' businesses and assets. In the Debtors' business judgment, honoring and paying the Taxes is essential to maintain the Debtors' operations and going-concern value and avoid the pitfalls that come with failing to remit taxes. As discussed above, failing to pay the Taxes could threaten and irreparably impair the Debtors' ability to maximize the value of their estates for the benefit of creditors.

103. The Debtors are required to pay franchise Taxes and, in some instances, other Taxes to (a) maintain their good standing to operate in the jurisdictions in which they do business and (b) make certain representations to third parties relating to the Debtors' qualifications to do business in each state in which they are required to be so qualified. Accordingly, if such Taxes are not paid, state and local Taxing Authorities may refuse to issue good standing certificates, which are often required in transactions, and may refuse to take other actions requested of them by the Debtors during these Cases. Such audits would further divert attention and resources from the process of administering these Cases. That the payment of the Taxes is necessary to avoid potential administrative difficulties is unquestionable. If the Taxes are not paid, Taxing Authorities will likely take precipitous action, including a marked increase in state audits and a flurry of lien filings or lift stay motions. Only the prompt and regular payment of the Taxes will avoid these unnecessary governmental actions.

104. The Debtors and/or their employees or laborers are required to obtain and maintain licenses or permits from state, local, and federal authorities including, but not limited to, the United States Coast Guard and American Bureau of Shipping (collectively, the

“Licenses”) for the continued operations of the Debtors’ vessels. These Licenses and any estimated pre-petition amounts owed are also attached to the Motion as Exhibit A.

105. The Licenses are imposed upon the Debtors as a requirement to the Debtors’ ordinary business operations. These Licenses enable the Debtors to engage in particular occupations or perform particular acts. Without the Licenses, the Debtors cannot operate their businesses in the ordinary course.

106. Each of the Licenses is obtained in the ordinary course of the Debtors’ businesses and is crucial to the Debtors’ ability to continue operations and generate revenues. Accordingly, the Debtors submit that they should be permitted to pay any accrued and unpaid pre-petition amounts owing for the Licenses.

107. Most, if not all, of the Taxes and Licenses are entitled to priority status pursuant to Bankruptcy Code § 507(a)(8). The Debtors’ payment of the Taxes and Licenses now, in all likelihood, would only affect the timing of the payments and would reduce the amount of Taxes owed if later paid under a plan of reorganization (due to the high interest rates and late fees attributable to delinquent tax payments). Therefore, other creditors and parties in interest would not be prejudiced if the Court grants the relief sought in the Motion.

108. For the reasons stated previously herein, the Debtors submit that the relief requested is absolutely necessary to prevent immediate and irreparable harm to these estates. The exigent nature of the relief sought in the Motion justifies immediate relief, which is necessary for the Debtors to be able to continue to operate their businesses and preserve value in their estates.

109. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

Debtors' Motion to Authorize Debtors to Continue Insurance Policies

110. The Debtors request authority from the Court to (a) continue to administer insurance coverage currently in effect (collectively, the "Insurance Policies"), and pay any premiums, administrative fees, deductibles, and other obligations related to their Insurance Policies and related programs that accrued but remain unpaid as of the Petition Date (the "Pre-Petition Insurance Obligations"), to the extent the Debtors determine in their discretion that such payment is necessary or appropriate as such payments become due; (b) in the ordinary course of business, pay all post-petition premiums, administrative fees, deductibles, and other obligations relating to the Insurance Policies (the "Post-Petition Insurance Obligations," and together with the Pre-Petition Insurance Obligations, the "Insurance Obligations") as such payments become due; and (c) revise, extend, supplement, or change the Debtors' insurance coverage as needed in the ordinary course of their business, including authorizing the Debtors to enter into new insurance policies through renewal of the Insurance Policies or purchase of new policies.

111. Prior to the Petition Date, the Debtors employed Houston Series of Lockton Companies, LLC ("Lockton") as their insurance broker and agent for the majority of the Insurance Policies. The Debtors pay Lockton either a commission or a fee to find and procure the Insurance Policies. Lockton also advises the Debtors on the appropriate policies for the Debtors' businesses.

112. In the ordinary course of their business, the Debtors maintain certain Insurance Policies relating to, among other things, hulls and machinery, protection and indemnity of vessels, maritime general liability, war and political risks, mortgagees interest, excess bumbershoot, director and officer liability, employment practices liability, employer's liability, foreign commercial liability, commercial crime, fiduciary liability, commercial property, and

automobile. These Insurance Policies are essential to the ongoing operation of the Debtors' businesses. Annually, the Debtors pay approximately \$2.5 million in premiums. A summary of the Debtors' Insurance Policies is provided in the list attached to the Motion as Exhibit A.

113. With the exception of a \$22,000 payment due to Lockton, Debtors believe that they are substantially current on payments of all premiums and other costs related to the Insurance Policies. Any payment made on behalf of the Insurance Obligations will not exceed, in the aggregate, \$100,000.

114. The success of the Debtors' efforts to reorganize effectively will depend on the maintenance of the Insurance Policies on an uninterrupted basis. In addition, the Debtors believe that any unsecured creditors' committee appointed in the Cases would expect and demand that the Debtors maintain, at a minimum, property and liability Insurance Policies.

115. The Debtors' failure to pay the Insurance Obligations, as and when they become due, could affect their ability to renew the Insurance Policies. If the Insurance Policies are allowed to lapse or are terminated based on the Debtors' non-payment of Insurance Obligations, the Debtors could be exposed to substantial liability for damages resulting to persons and property of the Debtors and others. This exposure would negatively impact the Debtors' ability to reorganize successfully. Furthermore, to ensure the retention of qualified and dedicated senior management, the Debtors must continue the directors and officers' liability policies.

116. In light of the importance of maintaining insurance coverage with respect to business activities, the Debtors respectfully submit that it is in the best interest of the Debtors' estates to maintain the Insurance Policies and to pay the Insurance Obligations as well as to revise, extend, supplement or change insurance coverage, as necessary pursuant to Bankruptcy Code § 363(b)(1). Failure to pay premiums when due would harm the Debtors' estates, would

constitute cause for conversion or dismissal of the case under Bankruptcy Code § 1112, and would run afoul of the Guidelines of the United States Trustee for the District of Delaware.

117. It is therefore critical that the Debtors be authorized to maintain the Insurance Policies in the same manner as maintained prior to the Petition Date, to pay any Pre-Petition Insurance Obligations, to continue to make all payments for Post-Petition Insurance Obligations, and to revise, extend, supplement or change insurance coverage as needed through renewal of the Insurance Policies or the purchase of new policies.

118. For the reasons stated previously herein, the Debtors submit that the relief requested is absolutely necessary to prevent immediate and irreparable harm to these estates. The exigent nature of the relief sought in the Motion justifies immediate relief, which is necessary for the Debtors to be able to continue to operate their businesses and preserve value in their estates.

119. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

**Debtors' Motion for Authority to Pay or Honor Pre-Petition
Obligations to Certain Critical Vendors**

120. The Debtors seek entry of an order authorizing, but not directing, them to pay, in the reasonable exercise of their business judgment and in accordance with any budget approved by this Court, amounts owed to certain vendors that are essential to the Debtors' business operations (collectively, the "Critical Vendors") in an aggregate amount not to exceed \$1,200,000 (the "Critical Vendor Cap").

121. Each of the Critical Vendors provides critical and necessary services to the Debtors and/or certain affiliated non-Debtor entities (collectively, the "Critical Goods and Services"). A vendor is only considered critical if the goods and services provided by such

vendor cannot be easily and efficiently replaced, which is often the case in remote locations where the pool of available vendors is severely limited or when a highly-skilled work force is involved.

122. The Debtors and their advisors have examined whether the payment of claims of Critical Vendors for Critical Goods and Services provided prior to the Petition Date (collectively, the “Critical Vendor Claims”) is necessary. Specifically, the Debtors and their advisors have reviewed their accounts payable and undertaken a process to identify those vendors who are essential to the Debtors’ operations.

123. The Critical Vendors substantially provide two categories of Critical Goods and Services to the Debtors or certain non-Debtor affiliated entities: (a) vessel control systems and equipment; and (b) vessel servicing and maintenance.

Vessel Control Systems & Equipment

124. The Debtors’ vessels, which are essential to carrying out all aspects of the Debtors’ businesses, are chartered to the following non-Debtor affiliated entities: Coastal Inland Marine Services Ltd. (“West Africa”), Naviera Mexicana de Servicios, S. de R.L. de C.V. (“Mexico”), and Trico Servicios Maritimos Ltda. (“Brazil”). The Debtors pay certain of the expenses of West Africa, Mexico, and Brazil for payment logistics reasons. The Critical Goods and Services in this category allow the vessels to continue their day-to-day operations so that Mexico, West Africa, and Brazil can generate revenues and/or cash, which (if any) are for the ultimate benefit of the Debtors. These Critical Vendors provide the following general services, among others: systems integration, delivery of computer systems and other equipment, essential equipment rental, and satellite and radio communications. Having to replace these Critical Vendors and the equipment and services they provide would distract Debtors’ management and

substantially disrupt the Debtors' operations. Indeed, the technology associated with many of the Critical Goods and Services in this category is proprietary. Thus, the Debtors will be severely limited in finding suitable replacement vendors and service providers at a similar cost.

Vessel Servicing & Maintenance

125. Due to the remote locations of the Debtors' vessels, the Debtors have had historic difficulty in finding appropriate skilled labor to service and maintain the vessels. The Critical Vendors in this category are willing to provide cost-effective services in these parts of the world. Based on the Debtors' experience, it would be extremely difficult, inefficient, and expensive to attempt to replace these Critical Vendors. Further, during the time period in which they would be attempting to find suitable replacements, the Debtors would risk damage to or disrepair of their vessels.

126. The payment of the Critical Vendors is necessary to preserve the value of the Debtors' businesses and ongoing projects, and to ease the administrative burden on the Debtors' estates. The Debtors have analyzed their lists of vendors and have determined that the Critical Vendors are comprised of only those vendors whose goods and services are of great necessity on a go-forward basis. Moreover, failure to pay many of the Critical Vendors would give rise to reclamation demands, priming liens on vessels pursuant to title 46 of the U.S. Code, or administrative expense claims under Bankruptcy Code § 503(b)(9), which amounts would likely be entitled to payment priority under a plan of reorganization. Accordingly, the Debtors' payment of the Critical Vendor Claims now, in all likelihood, would only affect the timing of the payments. Therefore, creditors and parties in interest would not be prejudiced if the Court grants the relief sought in the Motion.

127. The Debtors' Critical Vendor Claims total approximately \$1,200,000. The Debtors thus seek the authority, to pay, in their sole discretion, Critical Vendor Claims in an aggregate amount not to exceed the Critical Vendor Cap.

128. As stated above, the Critical Vendor Claims may be owed to parties providing "necessaries" on the Debtors' vessels. In addition, a portion of the Critical Vendor Claims in the approximate amount of \$10,200 is attributable to goods shipped to the Debtors within the 20-day period prior to the Petition Date and, thus, may be entitled to administrative priority. These "20-day" creditors, as well as other Critical Vendors, may also have reclamation rights under Bankruptcy Code § 546(c) for goods delivered within 45 days of the Petition Date.

129. In each instance, failure to pay the Critical Vendors for Critical Goods and Services would likely result in a severe disruption or even cessation of certain operations and, thus, undermine certain of the Debtors' ongoing projects and the revenues derived therefrom. Even if the Debtors were able to convince the Critical Vendors to continue to supply goods and services to the Debtors absent payment of these pre-petition claims, the Critical Vendors will likely agree to do so only on trade terms much less favorable than customary.

130. By accepting payment pursuant to this Motion, the Critical Vendors shall be deemed to have agreed to continue to extend current trade credit terms to the Debtors for the duration of the Cases (the "Customary Trade Terms"), or such other trade terms as are agreed to by the Debtors and the Critical Vendor.²⁰ The Debtors reserve the right to negotiate new trade terms with any Critical Vendor.

²⁰ Nothing herein is intended or should be construed as (a) an admission as to the validity or priority of any claim against the Debtors, (b) a waiver of the Debtors' rights to dispute any claim, including the validity or priority thereof, or (c) an approval or assumption of any agreement, contract, or lease whether under Bankruptcy Code § 365(a) or otherwise. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

131. Maintaining shipments of the Goods and continuing the services provided by the Critical Vendors is vital to the Debtors' continuing business operations and the success of the Cases. Should such Critical Vendors stop dealing with the Debtors, the Debtors' business would be significantly and perhaps irreparably disrupted. Its vessels could not continue to operate and service the Debtors' customers. This, in turn, could cause customers to seek services from the Debtors' competitors. Such a scenario would drastically affect the Debtors' efforts to maximize the value of their business and assets during these Cases. As such, the Debtors submit that the amount of the Critical Vendor Claims pales in comparison to the likely damage to the Debtors' businesses should the relief requested in the Motion not be granted.

132. Without the provision of their goods and services Debtors would be greatly hampered in their ability to generate revenue in chapter 11. It would be difficult (or impossible) for the Debtors to switch vendors, and would cost the Debtors valuable time trying to get new vendors to provide the Critical Goods and Services to such remote locations. Indeed, in the Debtors' experience, many vendors and service providers are unwilling to service the Debtors' vessels located in remote locations. To the extent the Debtors would be required to seek out new vendors and service providers, the Debtors would be unable to operate for some time, causing a significant decline in revenue and cash flow. The time and expense necessary to do this would, of course, be in addition to the increased costs and fees likely associated with doing business with alternate vendors on a post-petition basis.

133. For the reasons stated previously herein, the Debtors submit that the relief requested is absolutely necessary to prevent immediate and irreparable harm to these estates.

134. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

Debtors' Motion to Establish Notification Procedures and Approve Restrictions of Certain Transfers of Claims Against and Interests in the Debtors' Estates

135. The Debtors have incurred and expect to continue to incur significant net operating losses (“NOLs”). The Debtors’ NOLs are estimated to be approximately \$69,107,097 as of December 31, 2009. The NOLs are an extremely valuable asset of the Debtors’ estates because the Internal Revenue Code allows the Debtor to carry forward NOLs to offset future taxable income for up to 20 taxable years, thereby reducing future aggregate tax obligations. The Debtors’ NOLs may be worth as much as \$24,187,484 in potential future tax savings.²¹ The Debtors’ analyzed their Section 382 (as defined below) change of control exposure in March of 2010. The Debtors concluded that several shareholders were close to reaching the change of control threshold that could cause a loss of the Debtors’ NOLs. The Debtors are concerned that additional trading could jeopardize this valuable asset.

136. If TMS were to undergo an Ownership Change at a time prior to consummation of a chapter 11 plan, the resulting annual limitation could substantially reduce its ability to realize the tax benefits associated with any of its NOL carryforwards.

137. It is very likely the Debtors will undergo an Ownership Change for purposes of Section 382 upon emergence from a chapter 11 plan of reorganization. In that event, the Debtors will seek to avail themselves of the special relief afforded by Section 382 for an Ownership Change under a confirmed chapter 11 plan. However, if the relief requested in the Motion is not granted, there is significant risk that, as a result of pre-consummation trading and the acquiring of interests in the Debtors, this special relief would not be available to the Debtors and the use of the Debtors’ tax assets could be permanently impaired. Simply put, if pre-plan trading in shares results in persons who are not “qualified creditors” or historic stockholders receiving more than

²¹ This projection is based upon a federal corporate income tax rate of 35%.

50% of the equity in the reorganized Debtors, Section 382's more stringent restrictions on prospective NOL treatment would apply.

138. The proposed Procedures and restrictions are necessary to protect the value of the Debtors' NOLs and other tax assets, which are valuable assets of the Debtors' estates, while providing appropriate latitude for trading in Stock below specified levels. The Debtors' ability to meet the requirements of the tax laws to protect its tax attributes may be seriously jeopardized unless procedures are established to ensure that certain trading in Stock is either precluded or closely monitored and made subject to Court approval.

139. The requested relief has been narrowly tailored to permit certain Stock trading to continue, subject only to Fed. R. Bankr. P. 3001(e) and applicable securities, corporate and other laws. The Debtors are seeking to obtain notice of certain transaction in order to have a meaningful opportunity to seek further relief from the Court, if necessary. The relief sought in the Motion is crucial because once a transfer acts to limit the utilization of NOLs and certain other tax attributes under Section 382, the ability to reverse such transaction and maximize the benefit of the NOLs and certain other tax attributes may be lost forever.

140. The Debtors' NOLs are valuable assets of its estates that will facilitate the Debtors' reorganization and benefit all of its stakeholders. If the Debtors are unable to monitor and preserve the meaningful ability to prevent certain transfers that could negatively impact the NOLs, the Debtors' future use of their NOLs may be jeopardized. Furthermore, if the Debtors filed this Motion in accordance with the usual notice procedures, it is likely that a flurry of trading would likely immediately follow. The Debtors believe that Stock trading is already occurring. Parties holding Stock may rush to transfer their claims before the Court considers and approves the requested noticing requirements before trading. Such trading would put the

Debtors' NOLs and tax basis in jeopardy, as described above, and would thereby be counterproductive to the Debtors' objectives in seeking this relief.

141. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

**Debtors' Motion For (A) Authority to File a Consolidated List of Creditors;
(B) Authority to File a Consolidated List of 40 Largest Unsecured Creditors;
(C) Approval of the Form and Manner of Notifying Creditors of the Commencement
of the Chapter 11 Cases and Other Information; and (D) Authority to
Establish the Master Service List Applicable to These Cases**

142. The Debtors seek (A) authority to file a consolidated list of creditors; (B) authority to file a consolidated list of 40 largest unsecured creditors; (C) approval of the form and manner of notifying creditors of the commencement of the chapter 11 cases and other information; and (D) authority to establish the master service list applicable to these cases. The Debtors have identified thousands of entities to which notice of certain proceedings in the Cases must be provided. The Debtors presently maintain various computerized lists of the names and addresses of their respective creditors that are entitled to receive the Notices and other documents in the Cases. The Debtors believe that the information, as maintained in computer files (or those of their agents), may be consolidated and utilized efficiently to provide interested parties with the Notices and other similar documents, as contemplated by Local Rule 1007-2. Furthermore, the preparation of separate lists of creditors for each Debtor would be expensive and time consuming.

143. Because a large number of creditors are shared amongst the Debtors, the Debtors request authority to file a single, consolidated list of their 40 largest general unsecured creditors (the "Top 40 List"). Such a list will help alleviate administrative burdens, costs, and the

possibility of duplicative service, which, as discussed below, is already estimated to be a considerable burden and expense to the estates.

144. Service of the single Notice of Commencement will not only avoid confusion among creditors, but will prevent the estates from incurring the unnecessary costs associated with serving multiple notices to the parties listed on the Debtors' voluminous Creditors' Matrix.

145. Several thousand creditors and parties in interest may be entitled to receive notice in these Cases. As such, notice of all documents filed in these Cases to each creditor and party in interest would be extremely burdensome and costly to the estates.

146. The Debtors submit that the relief requested is appropriate in these Cases to provide adequate notice and is within the Court's equitable powers under Bankruptcy Code § 105 and Bankruptcy Rule 9006.

147. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

**Debtors' Motion Seeking Extension of Time to File Schedules of Assets and Liabilities,
Current Income and Expenditures, Executory Contracts and Unexpired Leases and
Statements of Financial Affairs**

148. Due to the size and complexity of the Debtors' businesses, and their pre-petition focus on restructuring their financial affairs, the Debtors have not yet had a sufficient opportunity to complete the drafting of Schedules and Statements and do not anticipate having the Schedules and Statements ready for filing within the 30-day period prescribed by Bankruptcy Rule 1007(c) and extended by Local Rule 1007-1(b).

149. However, the Debtors anticipate that it will take no more than an additional 30 days to complete, review, and file the Schedules and Statements with the Court. The Debtors maintain that cause exists to grant the relief requested in the Motion given the large amounts of

information that must be assembled and compiled and the number of hours that must be devoted to the task of completing the Schedules and Statements.

150. The Debtors believe that no creditor or other party in interest will be prejudiced by the requested extension of time for the filing of the Schedules and Statements. As of the filing of this Motion, the date of the Bankruptcy Code § 341 meeting of creditors has not been scheduled.

151. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

Debtors' Motion to Establish Procedure for Bankruptcy Rule 2015.3 Compliance

152. It would be expensive and burdensome for the Debtors to provide financial reporting for the Non-Debtor Subsidiaries and the Controlled Entities for the purposes of compliance with Bankruptcy Rule 2015.3, especially when such financial information will not be relevant to most creditors of the Debtors, much of the required financial information is publicly available on a consolidated basis, and creditors of the Debtors will know the value of the Non-Debtor Subsidiaries and the Controlled Entities through disclosure on Schedule B.

153. TMS also intends to provide consolidated financial reporting to the Securities and Exchange Commission (which would be publicly available) throughout the pendency of the Cases for the purposes of compliance with its obligations under the Securities and Exchange Act of 1934. These financial reports will include data for the Non-Debtor Subsidiaries and the Controlled Entities on a consolidated basis. TMS consolidates the financial information of the Non-Debtor Entities in its Securities and Exchange Commission filings.

154. The Debtors would need to hire additional accounting professionals to meet these segregated entity disclosure obligations which would diminish cash available to pay the Debtors'

creditors. Therefore, the Debtors submit that cause exists pursuant to Bankruptcy Rule 2015.3(d) to modify the financial reporting obligations of the Debtors solely with respect to the Bankruptcy Rule 2015.3 compliance.

155. The Debtors submit that the 2015.3 Disclosure Procedures are in the best interests of both the estates and parties in interest as they adequately balance the cost and burden to the estates against the need for information by parties in interest.

156. No prior request for the relief sought in this Motion has been made to this Court in these Cases.

Debtors' Motion for Joint Administration of Cases

157. Debtor Trico Marine Services, Inc. ("TMS") is the direct parent and sole equity interest owner of Debtors Trico Marine Assets, Inc. ("TMA"), Trico Marine Operators, Inc. ("TMO"), and Trico Holdco, LLC ("Holdco"). TMA is the direct parent, and TMS is the indirect parent, of Debtor Trico Marine International, Inc. ("TMI"). Further, TMS is the limited partner, and Holdco is the general partner, of Debtor Trico Marine Cayman, LP ("Cayman"). Accordingly, all of the Debtors are "affiliates," as that term is defined by Bankruptcy Code § 101(2). Therefore, joint administration of the Cases is appropriate under Bankruptcy Rule 1015(b).

158. Joint administration of the Debtors' estates will be less costly and burdensome than the separate administration of the estates. For example, joint administration will permit the use of a single, general docket for the Cases and combined notices to creditors and other parties in interest in the Debtors' respective Cases. The Debtors believe it is likely that numerous filings and additional matters, including notices, applications, motions, orders, hearings, and other proceedings will be made, issued, or convened in these Cases. Many of these will affect all of

the Debtors. Joint administration will protect parties in interest by ensuring that parties affected by each of the Debtors' respective Cases will be apprised of the various matters before the Court in those Cases.

159. Joint administration of the Debtors' estates will also avoid repetitive, duplicative, and potentially confusing filings by permitting counsel for all parties in interest to (a) use a single caption on the numerous documents that will be filed and served in the Debtors' Cases, and (b) file documents in only one of the Cases rather than in multiple Cases.

160. Joint administration will also simplify supervision of the administrative aspects of the Cases by the Court and the Office of the U.S. Trustee (the "Trustee"). As such, joint administration will promote the economical and efficient administration of the Debtors' estates to the benefit of the Debtors, their respective creditors, the Trustee, and the Court.

161. The rights of the respective creditors of each of the estates will not be prejudiced by the joint administration of the Cases because the relief sought is purely procedural and is not intended to affect substantive rights.

162. The Debtors submit that all parties' use of the simplified caption will eliminate cumbersome and confusing procedures and ensure a uniformity of pleading identification.

163. As discussed above, the joint administration of the Cases will not adversely affect the Debtors' respective creditors because this Motion requests only administrative, and not substantive, consolidation of the estates. For example, any creditor must still file a claim against a particular Debtor or its estate (or against multiple Debtors and their respective estates), intercompany claims among the Debtors will be preserved, and the Debtors will maintain separate records of assets and liabilities to the extent maintained in this manner in the ordinary course of business prior to the Petition Date. Thus, individual creditors' rights will not be

harmful by the relief requested; rather, the constituents will benefit from the cost reductions associated with the joint administration of the Cases.

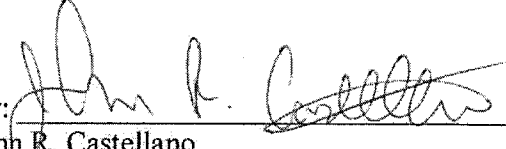
164. The Debtors submit that the joint administration of the Cases is in the best interests of the Debtors, their estates, their creditors, and all other parties in interest.

165. No prior request for the relief sought in this Motion has been made to the Court in these Cases.

CONCLUSION

166. Approval of each of the First Day Motions is in the best interest of the Debtors' estates and is in accordance with Bankruptcy Rule 6003 and Local Rule 9013-1(m), where applicable.

167. I declare under penalty of perjury that this Declaration is true and correct to the best of my knowledge, information, and belief.

By: 
John R. Castellano
Chief Restructuring Officer