

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re: §
§
OFFSHORE SPECIALTY § Case No. 17-35623
FABRICATORS, LLC, §
§ (Chapter 11)
DEBTOR. §

DEBTOR’S EMERGENCY MOTION FOR
(I) ENTRY OF AN ORDER AUTHORIZING DEBTOR TO SELL
CERTAIN NON-BARGE ASSETS PURSUANT TO
MODERN AMERICAN RECYCLING SERVICE, INC. AND MENCK GMBH; AND
(II) ENTRY OF AN ORDER APPROVING REVISED SALE PROCEDURES

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

Offshore Specialty Fabricators, LLC (the “Debtor”) moves pursuant to §§ 105 and 363 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002, 6004, and 9007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for (I) Entry of an Order

Authorizing Debtor to Sell Certain Non-Barge Assets Pursuant to Modern American Recycling Service, Inc. and MENCK GmbH; and (II) Entry of an Order Approving Revised Sale Procedures (the “Motion”). In support of this Motion, the Debtor respectfully represents as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (M), (N) and (O). Venue of this case and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code §§ 105(a) & 363 and Bankruptcy Rules 2002, 6004, and 9007.

II. FACTUAL & PROCEDURAL BACKGROUND

3. The Debtor is a Louisiana limited liability company with offices in Houston, Texas and Houma, Louisiana. The Debtor’s executive officer is located in Houston, Texas and maintains an office at 20445 State Highway 249, Suite 280, Houston, TX 77070.

4. All of the Debtor’s membership interests are owned by Offshore Domestic Group, LLC (“ODG”). ODG is owned by Offshore Exploration and Production, LLC (“OE&P”), which is a holding company. OE&P is owned by William M. Kallop.

5. On October 1, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

6. Since the Petition Date, the Debtor has continued to operate and manage its business in the ordinary course pursuant to Bankruptcy Code §§ 1107 and 1108.

7. On October 25, 2017, the United States Trustee appointed an Unsecured Creditors Committee (the “Committee”) consisting of DeepCor Marine, Inc., Retif Oil & Fuel, LLC, and

Abrado, Inc. ECF No. 66. Cannata's Supermarket d/b/a Affiliated Marine Supply joined the Committee on March 12, 2018 after DeepCor Marine, Inc. resigned. *See* ECF No. 544.

A. Sale of Assets.

8. In January and February 2018, the Debtor auctioned its two derrick barges. The Debtor's estate received \$14,300,000 from the sales of the DB WILLIAM KALLOP and DB SWING THOMPSON. Since then, the Debtor has used the proceeds of the auction of the barges to pay maritime lien creditors, the DIP Lender, and certain holders of alleged maritime liens by virtue of personal injury claims (Hahn). At the present time, the Debtor has approximately \$4.5 million in cash.

9. The Debtor was not able to sell several of its miscellaneous assets. The Debtor owns the following types of assets which must be sold:

- Scrap ferrous and non-ferrous material;
- A 205-man accommodation unit;
- MENCK pile drivers;
- Skagit winches;
- Rolling stock, machinery & fabrication equipment;
- Trucks & passenger vans;
- Office furniture & fixtures;
- Machine shop equipment; and
- Platform salvage tie-down and load-spreading material.

Collectively, these assets are referred to as the "Assets." Each group of Assets is comprised of individual items with varying values.

10. On March 19, 2018, the Debtor filed a *Motion for Entry of an Order (I) Approving Sale Procedures in Connection with the Sale of Non-Barge Assets, (II) Approving Form and Notice Thereof; and (III) Authorizing Debtor to Sell Non-Barge Assets* [ECF No. 553] (the “Sale Procedures Motion”). The Sale Procedures Motion sought to establish a dual-track procedure for monetizing the Debtor’s miscellaneous assets. The accommodation unit, Skagit winches, rolling stock, office furniture, and the platform salvage tie-down material (collectively, the “Auctioned Assets”) were to be submitted to Henderson Auctions (“Henderson”) of Livingston, Louisiana for auction on April 26, 2018. The remaining assets (the “Marketed Assets”) would be marketed by the Debtor’s CRO to interested parties.

11. The objection period for the Sale Procedures Motion ended on April 9, 2018.

12. On April 10, 2018, MENCK GmbH (“MENCK”) of Kaltenkirchen, Germany submitted an offer to purchase the Debtor’s MENCK pile-driving equipment (the “Hammers”) for \$200,000. A copy of the offer is attached to this Motion as **Exhibit A**. The offer expires on April 20, 2018, though the Debtor has requested an extension of the expiration date.

13. On April 13, 2018, the Court issued an Order directing the Debtor to file a revised, proposed order approving the Sale Procedures Motion (the “Revision Order”). ECF No. 575. Specifically, the Court noted that the proposed order submitted with the Sale Procedures Motion reserved all parties’ rights to object to sale of the Marketed Assets, but provided a procedure that allowed only the Committee to object to such sales. *Id.* The Court ordered the Debtor to correct this inconsistency. *Id.* Further, the Court ordered the Debtor to include all exhibits with the revised proposed order. *Id.*

14. On April 16, 2018, Modern American Recycling Services (“MARS”) submitted an offer to purchase for \$450,000 all assets identified for sale in the Sale Procedures Motion

except (i) the accommodations unit; and (ii) the Hammers (collectively, the “MARS Offer Assets,” and together the Hammers, the “Sale Assets”). A copy of MARS’s offer is attached to this Motion as **Exhibit B**.

15. Collectively, the MENCK and MARS offers are “Offers.” MENCK and MARS will collectively be called the “Buyers.”

B. Debtor’s Evaluation of the Offers.

16. Based on its business judgment, the Debtor believes that the Offers are superior to other offers that could reasonably be expected from the auction or marketing of the Sale Assets pursuant to the sale procedures originally outlined in the Sale Procedures Motion (the “Sale Procedures”).

17. Thus, instead of simply filing a corrected order per the Court’s instructions in the Revision Order, the Debtor files this Motion and seeks orders (i) authorizing the Debtor to consummate the sales of the Sale Assets to MENCK and MARS; and (ii) approving revised sale procedures to providing for the auction of the accommodations unit (the “Unit”), the only Asset that would not be sold pursuant to the Offers.

i. MENCK Offer.

18. The Debtor believes that MENCK’s \$200,000 Offer for the Hammers represents the best offer that the Debtor is likely to receive for those assets.

19. The market for the Hammers is limited. The Hammers are large and complex pieces of equipment used to drive pilings into the seabed. They require an accompanying control module the size of a shipping container in order to operate.

20. The Debtor’s Hammers require hundreds of thousands of dollars in repairs to return to full functionality. Given the oil downturn, there are few potential buyers for the

Hammers in the market. (For that reason, under the proposed Sale Procedures, the Hammers were Marketed Assets that would have been marketed by the Debtor's CRO instead of being auctioned.)

21. Besides a limited number of end-users, the only other potential bidders are local scrap purchasers. However, the value of the Hammers as scrap is much lower than the value of the Hammers as intact pieces of equipment.

22. MENCK is the original manufacturer of the Hammers and can more easily perform the necessary maintenance and repairs on the Hammers. Once repaired, MENCK may offer the repaired Hammers for lease. MENCK's unique position makes it highly unlikely that another party would offer a better bid for the Hammers.

23. For these reasons, the Debtor submits that the MENCK Offer represents the best value for the Debtor's estate.

ii. MARS Offer.

24. The MARS Offer is superior to the offers likely to result from the auction or marketing of the MARS Offer Assets for several reasons. First, selling the MARS Offer Assets to MARS will reduce the Debtor's costs. If various parties bid on individual Auctioned Assets, the Debtor will have to hire additional, temporary employees to oversee the removal of the Auctioned Assets since parties will almost certainly arrange multiple pick-up times. This will cost the Debtor's estate approximately \$14,000. Moreover, the Debtor will have to ensure that each party has adequate insurance before they can enter the Debtor's yard or MARS South Yard, where some of the Assets are located.

25. However, if MARS purchases the MARS Offer Assets, the logistics of removing the assets becomes simpler. MARS is already active on the Debtor's yard removing scrap

associated with the parties' earlier scrap agreement, and the Debtor has confirmed that MARS has the appropriate insurance coverage. Thus, the Debtor will not need to hire additional temporary workers to oversee the removal of the MARS Offer Assets under the MARS Offer.

26. Second, accepting MARS's Offer will eliminate the need to pay Henderson's standard 10% auction commission. The Debtor estimates that the total commission would amount to between \$30,000 and \$40,000.

27. Third, Henderson imposes additional costs of auction buyers, including a 10% buyer's commission plus 5% in sales tax. These charges depress the prices resulting from an auction but do not impact the MARS Offer.

28. Fourth, before listing the Auctioned Assets, Henderson must enter the Debtor's yard to photograph and catalogue them (even though the Debtor has already done substantively similar work). It will take Henderson between two and three days to finish this task. The Debtor cannot be sure that Henderson will complete its photographing and cataloguing in advance of its April 26, 2018 marine auction. If the assets are not sold at the marine auction, it may take additional time to auction the Auctioned Assets and they may fetch lower prices.

C. Accommodations Unit.

29. If the Offers are approved, the only Asset that remains to be sold under the Sale Procedures is the accommodations unit (the "Unit").

30. The Unit is a large, semi-mobile building. Originally a crew accommodation fixed to an offshore platform, the Unit now rests adjacent to the Houma Navigation Canal in the Debtor's yard. Given its age and configuration, the Unit will almost certainly be auctioned for scrap, and was identified as an Auctioned Asset under the Debtor's original Sale Procedures.

31. Accordingly, the Debtor proposes to revised the original Sale Procedures to authorize the auction of the Unit.

III. RELIEF REQUESTED

32. In accordance with the Court’s Revision Order, the Debtor proposes to amend the Sale Procedures Order to (i) authorize the Debtor to auction and sell the Unit; and (ii) correct the issues identified by the Court, to the extent they are still applicable given the reduced scope of the relief requested in this Motion. A revised, proposed order is attached to this Motion as **Exhibit C** (the “Revised Proposed Order”).

33. Additionally, the Debtor seeks entry of an order, in substantially the same form as the proposed sale order attached hereto as **Exhibit D**, authorizing the Debtor to consummate the sale of the MARS Offer Assets and the Hammers to MARS and MENCK, respectively.

IV. ARGUMENTS AND AUTHORITIES

A. The Sale of the Assets Is Authorized Under Bankruptcy Code § 363(b).

34. The Debtor requests that the Court approve the sale of the Assets pursuant to the Offers because such sale is in the best interest of the Debtor’s estate and its creditors.

35. Bankruptcy Code § 363(b)(1) provides that a debtor, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). To approve the use, sale or lease of property outside the ordinary course of business, this Court need only determine that the debtor’s decision is supported by “some articulated business justification,” as established by the Second Circuit in *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983), which decision has been adopted in this circuit. *Institutional Creditors of Continental Air Lines Inc. v. Continental Air Lines, Inc., et al. (In re Continental Air Lines, Inc.)*, 780 F.2d 1223, at 1226 (5th

Cir. 1986); *see also In re Asarco*, 650 F.3d at 601; *In re Cowin*, No. 13-30984, 2014 WL 1168714, at * (Bankr. S.D. Tex. March 21, 2014); *In re St. Marie Clinic PA*, No. 10-70802, 2013 WL 5221055, at *9 (Bankr. S.D. Tex. Sept. 17, 2013); *In re Particle Drilling Techs., Inc.*, No. 09-33744, 2009 WL 2382030, at *2 (Bankr. S.D. Tex. July 29, 2009); *In re San Jacinto Glass Industries, Inc.*, 93 B.R. 934, 944 (Bankr. S.D. Tex. 1988).

36. The business judgment rule shields a debtor's management from judicial "second-guessing." *In re Genco Shipping & Trading, Ltd.*, 509 B.R. 455, 463 (Bankr. S.D.N.Y. 2014); *see also In re Johns-Manville Corp.*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) ("a presumption of reasonableness attaches to a debtor's management decisions"). Once a debtor articulates a valid business justification, "[t]he business judgment rule 'is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.'" *In re Integrated Resources, Inc.*, 147 B.R. 650, 656 (Bankr. S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); *see also In re Filene's Basement, LLC*, No. 11-13511 (KJC), 2014 WL 1713416, at *12 (Bankr. D. Del. April 29, 2014) ("If a valid business justification exists, then a strong presumption follows that the agreement at issue was negotiated in good faith and is in the best interests of the estate; the burden of rebutting that presumption falls to parties opposing the transaction.").

37. Thus, if a debtor's actions satisfy the business judgment rule, then the transaction in question should be approved under § 363(b)(1). When applying the business judgment standard, courts show great deference to a debtor's business decisions. *See In re Asarco*, 441 B.R. 813, 828 (S.D. Tex. 2010) (describing the business judgment standard as "deferential"); *In re First Wellington Canyon Assocs.*, No. 89 C 593, 1989 WL 106838 at *3 (N.D. Ill. Sept. 8,

1989) (“Under this test, the debtor’s business judgment . . . must be accorded deference unless shown that the bankrupt’s decision was taken in bad faith or in gross abuse of the bankrupt’s retained discretion.”).

38. Here, accepting the Offers is a reasonable exercise of the Debtor’s business judgment.

i. MENCK Offer.

39. The MENCK Offer represents the best value that the Debtor can obtain for the Hammers.

40. Under the Sale Procedures as originally proposed, the Debtor’s CRO was tasked with marketing the Hammers. Accordingly, the CRO has been in discussions with MENCK regarding a possible offer since shortly after the Sale Procedures Motion was filed in March 2018.

41. MENCK, expecting the Sale Procedures to be approved on or about April 10, 2018, submitted its Offer to the Debtor on that date.

42. Because the MENCK Offer represents great value to the estate and MARS has offered to purchase the other Assets besides the Unit, the Debtor believes that it would be more expeditious to submit the MENCK Offer for approval instead of revising the Sale Procedures and filing subsequent notice of the MENCK Offer.

43. As discussed above, the Hammers are large subsea hammers used to drive pilings into the seabed. The Hammers have few end-users. Further, the market for the Hammers is tepid given the oil downturn, and the Hammers require thousands of dollars in repairs.

44. Nevertheless, MENCK has offered to purchase the Hammers for \$200,000, far above what they could command as scrap. Because there are essentially no other parties in a position to offer more, the MENCK Offer represents the best value for the Debtor's estate.

ii. MARS Offer.

45. The MARS Offer represents the best offer that the Debtor is likely to receive for the MARS Offer Assets. The Debtor does not currently have the manpower or spare cash to move or otherwise prepare the MARS Offer Assets for auction. Because the assets must be removed from the Debtor's yard in Houma, LA., the Debtor expects most interested parties to be local. Further, the costs of removing the MARS Offer Assets could be high in comparison to their value, further reducing the chances that a non-local party would place a bid.

46. MARS, however, is uniquely situated to avoid these issues. As the Court is aware, MARS now owns Houma Land Holdings LLC and Offshore Express, LLC's former "South Yard" near the Debtor's facility. MARS has also been removing scrap material from the Debtor's facility during the past several weeks pursuant to the parties' earlier settlement. Thus, MARS can easily retrieve the MARS Offer Assets without incurring significant costs.

47. Further, the MARS Offer Assets will probably be sold for scrap. As a Louisiana-based recycling company that collects and processes scrap material, MARS would be a likely bidder for the MARS Offer Assets. By avoiding the auction process, MARS and the Debtor can avoid having to pay Henderson's auction commissions.

48. MARS's Offer will also reduce the Debtor's costs. If the MARS Offer Assets were auctioned, the various groups of assets may be bought by different parties. These parties would have to make arrangements with the Debtor to remove the assets from the Debtor's yard. To protect its estate from potential liability, the Debtor will have to verify that these parties are

properly insured and hire additional temporary workers to oversee the removal of the Assets at a cost of approximately \$14,000. While the Debtor will have to oversee MARS's removal of the MARS Offer Assets, oversight costs will probably be lower because only one institutional buyer is purchasing such assets.

49. For these reasons, the Debtor submits that the sale of the MARS Offer Assets to MARS is in the best interests of the Debtor's estate and should be approved.

B. The Sale of the Assets Free and Clear of Liens, Claims, and Interests Is Authorized Under Bankruptcy Code Section 363(f)

50. The Debtor respectfully submits that, if necessary, it is appropriate to sell the Assets free and clear of all liens, claims, encumbrances and other interests, pursuant to Bankruptcy Code § 363(f), with all such interests attaching to the net sale proceeds of the Assets to the extent applicable. Section 363(f) authorizes a debtor to sell assets free and clear of liens, claims, interests and encumbrances if:

1. applicable nonbankruptcy law permits sale of such property free and clear of such interests;
2. such entity consents;
3. such interest is a lien and the price at which such property is to be sold is greater than the value of all liens on such property;
4. such interest is in bona fide dispute; or
5. such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). This provision is supplemented by Bankruptcy Code § 105(a), which provides that “[t]he Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a).

51. Because Bankruptcy Code § 363(f) is drafted in the disjunctive, satisfying any one of its five requirements will suffice to permit the sale of the Assets free and clear of the

interests. *In re Nature Leisure Times, LLC*, No. 06-41357, 2007 WL 4554276, at *3 (Bankr. E.D. Tex. Dec. 19, 2007) (“The language of § 363(f) is in the disjunctive such that a sale free and clear of an interest can be approved if any one of the aforementioned conditions contained in § 363(f) are satisfied.”); *see also In re Patriot Place, Ltd.*, 486 B.R. 773, 814–15 (Bankr. W.D. Tex. 2013); *In re Wolverine Radio Co.*, 930 F.2d 1132, 1147 n.24 (6th Cir. 1991) (stating that Bankruptcy Code § 363(f) is written in the disjunctive; holding that the court may approve the sale ‘free and clear’ provided at least one of the subsections of § 363(f) is met).

52. The Debtor does not believe that any of the Sale Assets is encumbered. If any encumbrances are later discovered, the Debtor expects that one or more of the tests under section 363(f) will be satisfied with respect to the transfer of the Sale Assets.

C. Revised Procedure for Auctioning the Unit.

53. In accordance with the Revision Order, and in light of the Offers, the Debtor has submitted the Revised Proposed Order attached to this Motion as **Exhibit C** to govern the sale of the Unit alone.

54. The Debtor proposes to employ Henderson to market and sell them the Unit. Henderson is one of the world’s leading auction firms. Henderson specializes in auctions of heavy machinery, and its quarterly construction auctions gross between \$12 and \$20 million. It also has an on-line presence that allows potential bidders to review information on the assets to be auctioned.

55. In the Debtor’s business judgment, an auction will result in the best value for the Unit. The Unit is large and would be prohibitively expensive to move. Any expenses that the Debtor incurs in moving it would reduce recoveries for unsecured creditors. Henderson is willing to auction the Unit *in situ* with the purchaser bearing the expenses of removing it.

56. Henderson's auction process will provide interested parties with adequate notice and opportunity to submit a timely and informed bid. Further, since the Debtor's filing of the Sale Procedures Motion, parties-in-interest in this case have been on notice that the Debtor intends to auction the Unit. Thus, the Debtor submits that the Revised Proposed Order provides potential bidders with the twenty-one day notice envisioned by Rule 2002 of the Bankruptcy Rules.

VI. NOTICE

57. Notice of this Motion will be given to (i) the United States Trustee for the Southern District of Texas; (ii) all applicable state and federal taxing authorities having jurisdiction over the Assets; (iii) all other parties known to the Debtor who has asserted or may assert liens, claims or interests in or against any of the Assets; (iv) the Debtor's twenty (20) largest unsecured creditors; (v) all parties that have requested special notice pursuant to Bankruptcy Rule 2002; (vi) all other entities known to have expressed an interest in a transaction with respect to all or some of the Assets; and (vi) upon all parties set forth on the Debtor's Creditor Matrix maintained in this case.

VII. EMERGENCY CONSIDERATION

58. Emergency consideration of this Motion is appropriate because MENCK's offer expires on April 20, 2018, though the Debtor has requested an extension. More broadly, the Debtor needs to monetize these Assets quickly to avoid unnecessarily prolonging the administration of the Debtor's estate.

Wherefore, the Debtor respectfully requests that the Court (i) approve the Revised Proposed Order, substantially in the form attached hereto, (ii) authorize the Debtor to

consummate the sales contemplated by the Offers; and (iii) grant such other and further relief as the Court deems just and proper.

Dated: April 19, 2018

Respectfully submitted,

DIAMOND McCARTHY LLP

/s/ Michael D. Fritz

Kyung S. Lee

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*Counsel for Offshore Specialty Fabricators,
LLC, Debtor and Debtor-in-Possession*

CERTIFICATE OF SERVICE

I certify that on April 19, 2018, I caused a copy of the foregoing document to be served on (i) the United States Trustee for the Southern District of Texas; (ii) all applicable state and federal taxing authorities having jurisdiction over the Assets; (iii) all other parties known to the Debtor who has asserted or may assert liens, claims or interests in or against any of the Assets; (iv) the Debtor's twenty (20) largest unsecured creditors; (v) all parties that have requested special notice pursuant to Bankruptcy Rule 2002; (vi) all other entities known to have expressed an interest in a transaction with respect to all or part of the Assets; and (vi) upon all parties set forth on the Debtor's Creditor Matrix maintained in this case.

/s/ Michael D. Fritz
Michael D. Fritz

EXHIBIT A
MENCK OFFER



MENCK GmbH · Am Springmoor 5a · 24568 Kaltenkirchen · Germany

Via e-mail

Offshore Specialty Fabricators, LLC

Attn. Mr. David Weinhoffer

david@weinhoffer.com

Chief Restructuring Officer

20445 State Hwy 249

Suite 280

Houston, TX 77070

- and -

DIAMOND McCARTHY LLP

Attn. Mr. Kyung S. Lee

klee@diamondmccarthy.com

and Mr Michael D. Fritz

mfritz@diamondmccarthy.com

Two Houston Center 909 Fannin, 37th Floor

Houston, TX 77010

Kaltenkirchen, April 10, 2018

Dear Sirs,

Please accept this correspondence as MENCK GmbH formal, all-cash bid of TWO HUNDRED THOUSAND U.S. DOLLARS AND NO CENTS (U.S. \$200,000.00) for the MENCK Pile driving equipment as described in Exhibit C of Sale Procedures in connection with the March 19, 2018 filed motion for order to sell in the Offshore Specialty Fabricators, LLC bankruptcy, Civil Action No. 17-35623. This bid is irrevocable and valid for 10 days from the date of issue. This bid is not subject to any due diligence, material financing conditions or board or other approval (excluding customary regulatory approval that would follow the execution of the definitive documentation for such transaction). Any liabilities to be assumed by MENCK GmbH, shall be as set forth by the bankruptcy court in its approved bidding procedures.

MENCK GmbH

A blue ink signature of Fabian Hippe, written in a cursive style.

Fabian Hippe
Managing Director

MENCK GmbH

A blue ink signature of Kai Fiand, written in a cursive style.

Kai Fiand
Sales Manager

EXHIBIT B
MARS OFFER

April 16, 2018

Via e-mail

OFFSHORE SPECIALTY FABRICATORS LLC
Attn: David Weinhoffer – Chief Restructuring Officer
20445 State Hwy 249, Suite 280
Houston, TX 770700
Email: David@Weinhoffer.com

-and-

DIAMOND MCCARTHY LLP
Attn: Michael Fritz
Email: mfritz@diamondmccarthy.com

Gentlemen,

Please accept this offer for an all-cash purchase of FOUR HUNDRED FIFTY THOUSAND DOLLARS AND NO CENTS (US. \$450,000) for the following equipment as described in Exhibits A, D, E, F, H, I, G to the motion for order to sell filed on March 19, 2018 in the Offshore Specialty Fabricators, LLC bankruptcy, Civil Action No. 17-35623 (S.D. Tex.). This offer is irrevocable and valid for 10 days from the date of issue. This offer is not subject to any due diligence, material financing conditions or board or other approval, but it is subject to Modern American Recycling Service, Inc. (“MARS”), being provided at least sixty (60) days from acceptance of this offer to remove all assets from their present location at no cost (including being provided access free of charge to any wharfage space at the premises where the below assets are located).

Exhibit A – Scrap Material

Exhibit D – Skagit & Manitowoc Mooring Winches

Exhibit E – Rolling Stock, Machinery & Fabrication Equipment

Exhibit F – Trucks, Vans & Trailers

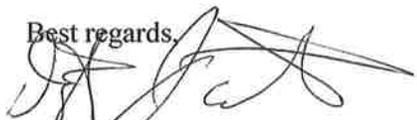
Exhibit G – Office Furniture

Exhibit H – Machine Shop Assets

Exhibit I – Platform Salvage Tie-Down Material

This offer is subject in all respect to approval by the United States Bankruptcy Court for the Southern District of Texas.

Best regards,



Dwight J. Caton Sr.

Modern American Recycling Service, Inc.

Gibson, LA.