



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed August 11, 2016

United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

PALADIN ENERGY CORP.,
Debtor.

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CASE NO. 16-31590-bjh-11
(Chapter 11)

AGREED FINAL CASH COLLATERAL ORDER AND STIPULATION

1. On April 25, 2016, the Debtor filed the *Debtor's Emergency Motion for Interim and Final Usage of Cash Collateral* [Dkt. No. 13] (the "Motion").

2. On May 6, 2016, the Court entered the *Interim Order (I) Authorizing the use of cash collateral (II) Granting adequate protection to the lender (III) Granting liens and superpriority claims (IV) Modifying automatic stay and (V) Scheduling a final hearing* [Dkt. No. 30] (the "Interim Cash Collateral Order"). Capitalized terms used herein and not defined herein have the meanings assigned to them in the Interim Cash Collateral Order.

3. Paragraph five of the Interim Cash Collateral Order provides for the extension of the Termination Date by written agreement of the Debtor and the Agent. On June 7, 2016, the Court entered the *Agreed Order Extending Interim Cash Collateral Order*, which extended the Debtor's usage of Cash Collateral through June 30, 2016. On July 8, 2016, the Court entered the *Stipulation and Third Agreed Interim Cash Collateral Order* [Dkt. No. 72], which extended the Debtor's usage of Cash Collateral through July 31, 2016.

4. On July 12, 2016, the Debtor filed a *Motion to Extend Exclusivity* [Dkt. No. 75] (the "Exclusivity Motion").

5. On July 8, 2016, the Court scheduled the final hearing on the Motion for August 3, 2016.

6. On July 22, 2016, Sheridan Holding Company II, LLC ("Sheridan") filed its objection [Dkt. No. 83] to the Motion, and on August 3, 2016 a joinder [Dkt. No. 90] was filed by Redmon Oil Company ("Redmon").

7. Having reviewed the Motion, the objections and arguments of the parties, and the stipulations of the parties as announced on the record, the Court approves the stipulations as incorporated into this Order; accordingly it is hereby:

ORDERED that the Motion, as amended by the stipulations herein, is APPROVED on a final basis as set forth herein; it is further

ORDERED that the Debtor is permitted to use Cash Collateral through November 1, 2016, (i) in strict accordance with the attached budget (the "Final Budget") attached as **Exhibit A** and (ii) subject to all of the terms and conditions set forth in the Interim Cash Collateral Order, which are incorporated herein, including all protections afforded the Agent related to any

potential diminution arising during or from the periods covered by the interim and final budgets; it is further

ORDERED that pursuant to the Final Budget, the Debtor shall pay the first \$50,000.00 adequate protection payment (for the month of August) upon the entry of this order, and the Debtor shall make subsequent payments on the first (1st) day of September, 2016 and October, 2016; it is further

ORDERED that, if the Debtor does not file a plan of reorganization and accompanying disclosure statement by September 30, 2016, the Debtor's exclusive right to file and solicit a plan of reorganization shall terminate, and the Debtor shall, in consultation with the Agent and by September 30, 2016, (i) file a motion to appoint a broker (the broker must be reasonably acceptable to the Agent) to sell all or substantially all of the Debtor's assets, and (ii) file a motion to approve bid and sale procedures (which procedures shall be reasonably acceptable to the Agent) and to sell all or substantially all of the Debtor's assets pursuant to the bid and sale procedures; it is further

ORDERED that, if the Debtor files a plan of reorganization and accompanying disclosure statement by September 30, 2016, the Debtor shall have the exclusive right to solicit such plan for 60 days, after which time any party-in-interest may file a plan of reorganization; it is further

ORDERED that, if the Debtor files a plan of reorganization and accompanying disclosure statement by September 30, 2016, but does not confirm such plan by December 31, 2016, the Debtor shall, in consultation with the Agent and by December 31, 2016, (i) file a motion to appoint a broker (the broker must be reasonably acceptable to the Agent) to sell all or substantially all of the Debtor's assets, and (ii) file a motion to approve bid and sale procedures

(which procedures shall be reasonably acceptable to the Agent) and to sell all or substantially all of the Debtor's assets pursuant to the bid and sale procedures; it is further

ORDERED that, the Debtor shall maintain a minimum balance in its operating account of \$350,000 during the term of the Final Budget (unless otherwise ordered by the Court), as adequate protection to Sheridan and Redmon; all parties' rights, claims and defenses with respect to the claims, interests, arguments, and rights of Sheridan and Redmon are reserved and are in no way adjudicated, prejudiced, or affected by this Order; it is further

ORDERED that all parties' rights, claims and defenses with respect to whether the Challenge Deadline precludes the alleged claims or interests of Sheridan or Redmon are hereby expressly reserved; and it is further

ORDERED that the Debtor shall provide Sheridan and Redmon with all reporting information, as provided for in the Interim Cash Collateral Order, that the Debtor provides to the Agent; it is further

ORDERED that the provisions of this order relating to the termination of exclusivity may be reduced based on a resolution of any objections to the Exclusivity Motion, and this order is not intended to prejudice objections by parties-in-interest to the Exclusivity Motion, except with respect to the Agent, whose potential objection to the Exclusivity Motion is compromised and resolved in this Order; it is further

ORDERED that the relief herein is ordered on a final basis.

END OF ORDER

AGREED AS TO FORM AND SUBSTANCE:

<p>THOMPSON & KNIGHT LLP</p> <p>By: <u>/s/ Tye C. Hancock (w/ permissions)</u> Tye C. Hancock Bar No. 24032271 333 Clay Street, Suite 3300 Houston, Texas 77002 Telephone: (713) 654-8111 Facsimile: (713) 654-1871</p> <p><i>Attorneys for MUFG Union Bank, N.A.</i></p>	<p>MUNSCH HARDT KOPF & HARR, P.C.</p> <p>By: <u>/s/ Davor Rukavina</u> Davor Rukavina Texas Bar No. 24030781 500 N. Akard Street, Ste 3800 Dallas, TX 75201-6659 (214)855-7587 Fax : 214-978-5359 Email: drukavina@munsch.com</p> <p><i>Counsel for the Debtor</i></p>
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EXHIBIT A FINAL BUDGET

PALADIN ENERGY CORP.

ACTUALS + REVISED F'CAST AS OF

Debtor-in-Possession Cash Collateral Budget

	Week 1	Week 2	Week 3	Week 4	Week 5	Month 2	Month 3	Month 4	Month 5	Month 6
	4/29/2016	5/6/2016	5/13/2016	5/20/2016	5/27/2016	June, 2016	July, 2016	Aug, 2016	Sept, 2016	Oct, 2016
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(F'cast)	(F'cast)	(F'cast)
INCOME										
A) OIL & GAS										
Oil Revenue fr. Shell Oil	\$0	\$0	\$0	\$398,574	\$0	\$431,427	\$517,844	\$515,998	\$441,891	\$442,011
Gas Revenue fr. Targa	\$34,676	\$0	\$0	\$0	\$42,116	\$41,549	\$38,316	\$29,000	\$29,000	\$29,000
Redmon	\$0	\$0	\$1,279	\$0	\$0	\$1,666	\$3,893	\$1,500	\$1,500	\$1,500
Paradigm	\$11,599	\$0	\$0	\$9,314	\$0	\$17,151	\$13,838	\$15,000	\$15,000	\$15,000
Devon	\$1,081	\$0	\$0	\$1,257	\$0	\$1,479	\$1,362	\$1,000	\$1,000	\$1,000
Duke Gas	\$0	\$2,718	\$0	\$0	\$0	\$7,553	\$0	\$5,000	\$5,000	\$5,000
Conoco Gas	\$0	\$0	\$0	\$0	\$0	\$100	\$30	\$100	\$100	\$100
Fasken Gas	\$0	\$119	\$0	\$0	\$0	\$102	\$0	\$175	\$175	\$175
Dimension Royalties	\$0	\$0	\$0	\$0	\$132	\$0	\$118	\$125	\$125	\$125
Oxy Gas	\$113	\$0	\$0	\$0	\$128	\$0	\$0	\$200	\$200	\$200
TOTAL OIL & GAS	\$47,469	\$2,838	\$1,279	\$409,146	\$42,376	\$501,027	\$575,401	\$568,098	\$493,991	\$494,111
B) HEDGING										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C) JIB RECEIPTS										
Sheridan	\$0	\$0	\$0	\$0	\$0	\$0	\$158,481	\$55,000	\$55,000	\$38,000
Others	\$4,328	\$1,037	\$104	\$498	\$1,419	\$4,655	\$8,095	\$40,000	\$40,000	\$30,000
TOTAL JIB RECEIPTS	\$4,328	\$1,037	\$104	\$498	\$1,419	\$4,655	\$166,576	\$95,000	\$95,000	\$68,000
D) CLEARWATER SWD,LLC										
	\$0	\$14,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
E) OTHER										
	\$0	\$20	\$0	\$138	\$0	\$1,000	\$190,646			
TOTAL INCOME	\$51,796	\$17,895	\$1,384	\$409,782	\$43,795	\$506,683	\$932,622	\$663,098	\$588,991	\$567,111
EXPENDITURE										
A) REVENUE DISTRIBUTIONS										
Sheridan / Redmon	\$0	\$0	\$0	\$0	\$0	\$0	\$186,060	\$176,067	\$175,439	\$150,243
Other WI & Royalty Owners	\$0	\$0	\$0	\$18,414	\$25,019	\$29,569	\$49,310	\$62,141	\$61,920	\$53,027
TOTAL REVENUE DISTRIBUTIONS	\$0	\$0	\$0	\$18,414	\$25,019	\$29,569	\$235,370	\$238,208	\$237,359	\$203,270
B) FIELD OPERATING COSTS										
Lea County Electric	\$0	\$0	\$0	\$0	\$0	\$122,142	\$86,280	\$105,000	\$105,000	\$105,000
Xcel Energy (electricity)	\$0	\$0	\$0	\$0	\$17	\$2,242	\$21,089	\$15,000	\$15,000	\$15,000
Other Opcosts	\$0	\$0	\$3,534	\$3,765	\$33,732	\$103,413	\$88,801	\$70,000	\$70,000	\$70,000
TOTAL FIELD OPCOSTS	\$0	\$0	\$3,534	\$3,765	\$33,749	\$227,796	\$196,170	\$190,000	\$190,000	\$190,000
C) STATE ROYALTY/ TAXES / FEES										
		\$0	\$16,845	\$3,570	\$0	\$4,207	\$8,395	\$21,000	\$6,000	\$6,000
D) G&A COSTS										
Payroll	\$0	\$0	\$0	\$100,119	\$0	\$99,247	\$99,139	\$101,000	\$101,000	\$101,000
Insurance	\$0	\$0	\$4,855	\$0	\$4,855	\$4,855	\$47,772	\$0	\$0	\$0
Other G&A	\$0	\$50	\$2,655	\$134	\$7,057	\$7,066	\$8,176	\$20,000	\$20,000	\$45,000
TOTAL G&A COSTS	\$0	\$50	\$7,510	\$100,253	\$11,913	\$111,169	\$155,087	\$121,000	\$121,000	\$146,000
E) PAYMENTS TO OUTSIDE OPERATORS										
	\$0	\$0	\$0	\$916	\$17,119	\$13,438	\$9,553	\$12,000	\$12,000	\$12,000
F) ADEQUATE PROTECTION										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000	\$50,000
G) U.S.TRUSTEE FEES										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500
ACCRUAL: FIELD REPAIRS/ WELL SERVICE										
	\$0	\$0	\$10,681	\$29,573	\$87,799	\$41,523	\$17,242	\$50,000	\$50,000	\$50,000
TOTAL EXPENDITURE	\$0	\$50	\$38,570	\$156,491	\$175,599	\$427,703	\$621,817	\$682,208	\$666,359	\$663,770
CASH SURPLUS (DEFICIT)										
	\$51,796	\$17,845	(\$37,186)	\$253,291	(\$131,804)	\$78,979	\$310,805	(\$19,110)	(\$77,368)	(\$96,659)
BEGINING CASH										
	\$276,256	\$328,052	\$345,897	\$308,711	\$562,002	\$430,198	\$509,177	\$819,982	\$800,872	\$723,504
ENDING CASH										
	\$328,052	\$345,897	\$308,711	\$562,002	\$430,198	\$509,177	\$819,982	\$800,872	\$723,504	\$626,845