

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:) Chapter 11
)
GAS CITY, LTD., *et al.*¹) Case No. 10-47879 (ERW)
)
Debtors.) Jointly Administered
)

SECOND BRIDGE ORDER (I) AUTHORIZING THE LIMITED USE OF CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, (II) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED LENDER PURSUANT TO 11 U.S.C. §§ 361 AND 363, AND (III) SCHEDULING AN INTERIM HEARING PURSUANT TO BANKRUPTCY RULE 4001

Upon the motion of Gas City, Ltd. ("Gas City") and the William J. McEnery Revocable Trust Under Agreement Dated April 22, 1993 (the "WJM Trust"), the debtors and debtors in possession (in such capacity, the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), dated October 26, 2010 (the "Motion") [Docket No. 26], requesting, among other things, (a) the entry of an interim order (the "Interim Order") and a final order (the "Final Order") (i) authorizing Gas City's use of the cash collateral of Bank of America, N.A. (the "Prepetition Secured Lender") within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral") and (ii) granting adequate protection to the Prepetition Secured Lender; and (b) that an emergency interim hearing (the "Interim Hearing") on the Motion be held for the Court to consider entry of the Interim Order; and the Court having entered a bridge order (the "First Bridge Order") [Docket No. 60] authorizing Gas City's use of Cash Collateral through close of business on November 1, 2010 in accordance with the terms of the First Bridge Order and the Budget (as defined therein) and scheduling the Interim Hearing with respect to the full

¹ The Debtors in these chapter 11 cases are: Gas City, Ltd. and the William J. McEnery Revocable Trust Under Agreement Dated April 22, 1993.



scope of the relief requested in the Motion for November 1, 2010 at 4:30 p.m.; and the Debtors having requested that the Court enter a second bridge order (the “Second Bridge Order”) (a) authorizing Gas City’s use of Cash Collateral on substantially the same terms and conditions as set forth in the First Bridge Order, in accordance with the Budget (as hereinafter defined), and (b) adjourn the Interim Hearing as set forth herein; and the Court having considered the terms of the Motion, the First Bridge Order, the Second Bridge Order, and the record made by the Debtors at the hearings held before the Court on October 27, 2010 and November 1, 2010; and after due deliberation and consideration, and good and sufficient cause appearing therefor:

THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:

A. On October 26, 2010 (the “Petition Date”), the Debtors filed with this Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are continuing to operate their businesses and are managing their respective properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner and no official committee of unsecured creditors has been appointed in these Chapter 11 Cases.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The Debtors have provided notice of the First Bridge Order and the Interim Hearing by facsimile, electronic mail, or overnight mail to: (i) the Office of the United States Trustee (the “U.S. Trustee”); (ii) the twenty (20) largest unsecured creditors of each Debtor; (iii) counsel to the Prepetition Secured Lender; (iv) all known parties with liens of record on assets of the Debtors as of the Petition Date, including the Illinois Department of Revenue;

(v) all financial institutions at which the Debtors maintain deposit accounts; (vi) the landlords for all non-residential real properties occupied by the Debtors as of the Petition Date; (vii) the Internal Revenue Service; and (viii) all other parties requesting notice pursuant to Bankruptcy Rule 2002. The Court concludes that the foregoing notice was sufficient and adequate under the circumstances in connection with the relief granted hereby.

D. Gas City has an immediate and critical need to use Cash Collateral pursuant to the terms of this Second Bridge Order to, among other things, finance the ordinary costs of its operations, maintain business relationships with vendors, suppliers and customers, make payroll, and satisfy other working capital and operational needs. Gas City's access to sufficient working capital and liquidity through the use of Cash Collateral pursuant to this Second Bridge Order is vital to the preservation and maintenance of the going concern value of the Debtors' estates. Consequently, without the continued use of Cash Collateral by Gas City, to the extent authorized pursuant to this Second Bridge Order, the Debtors and their estates would suffer immediate and irreparable harm.

E. The Prepetition Secured Lender is prepared to consent to Gas City's use of the Cash Collateral provided that the Court authorizes the Debtors, pursuant to sections 361 and 363, to grant to the Prepetition Secured Lender, as adequate protection for the Adequate Protection Obligations (as hereinafter defined) but subject to the Carve-Out, (a) replacement security interests in and liens and mortgages upon (collectively, the "Adequate Protection Liens") all prepetition and post-petition real and personal property of the Debtors and of William J. McEnery, solely in his capacity as trustee of the WJM Trust (in such capacity, the "Trustee"), including, without limitation, (i) all assets either the Debtors or the Trustee previously pledged to the Prepetition Secured Lender or any other secured creditor and (ii) all assets of the Debtors or

the Trustee that are not presently encumbered by any liens, security interests, or mortgages (except for any avoidance actions under sections 544, 547, 548 or 550 of the Bankruptcy Code), and (b) a superpriority administrative expense claim under section 507(b) of the Bankruptcy Code (the “Adequate Protection Priority Claim”), which Adequate Protection Priority Claim shall be subordinate in priority only to the Carve-Out. The Adequate Protection Liens and the Adequate Protection Priority Claim shall secure the payment of the Debtors’ prepetition obligations to the Prepetition Secured Lender (collectively, the “Prepetition Obligations”), provided that, and to the extent that, the liens, security interests and mortgages securing such Prepetition Obligations are valid, perfected, enforceable and non-avoidable, in an amount equal to any diminution in the value of the Prepetition Secured Lender’s interests in the collateral securing the Prepetition Obligations (collectively, the “Prepetition Collateral”), including the Cash Collateral, from and after the Petition Date through the expiration of this Second Bridge Order (the aggregate amount of such diminution, the “Adequate Protection Obligations”) including, without limitation, any diminution resulting from: (i) the Debtors’ use of the Prepetition Collateral, including Gas City’s use of the Cash Collateral, (ii) and the imposition of the automatic stay pursuant to section 362(a) of the Bankruptcy Code.

F. Good cause has been shown for immediate entry of this Second Bridge Order pursuant to Bankruptcy Rule 4001(b)(2). In particular, the authorization granted herein for Gas City to continue using Cash Collateral is necessary to avoid immediate and irreparable harm to the Debtors and their estates. Entry of this Second Bridge Order is in the best interest of the Debtors, their estates and creditors. The terms of Gas City’s continued use of Cash Collateral pursuant to this Second Bridge Order are fair and reasonable under the circumstances, reflect the

Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

G. The Debtors and the Prepetition Secured Lender have negotiated the terms and conditions of this Second Bridge Order (including Gas City's use of Cash Collateral pursuant hereto) in good faith and at arm's-length. The Prepetition Secured Lender does not consent to the Debtors' use of the Prepetition Collateral, including Gas City's use of the Cash Collateral, except on the terms set forth in this Second Bridge Order.

H. Based on the foregoing, and upon the record made before this Court at the hearings held on October 27, 2010 and November 1, 2010, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is approved on the terms and conditions set forth in this Second Bridge Order. This Second Bridge Order shall become effective and binding upon all parties in interest immediately upon its entry. Gas City is hereby authorized to use the Cash Collateral through close of business on November 9, 2010 solely in accordance with the Budget (as hereinafter defined) and the other terms and conditions set forth in this Second Bridge Order.

2. Attached hereto as Exhibit A is a budget (the "Budget") for the period commencing on November 2, 2010 and ending at close of business on November 9, 2010. The Budget reflects on a line-item basis Gas City's anticipated cumulative cash receipts and expenditures on a daily basis and all necessary and required cumulative expenses which Gas City expects to incur during each day of the Budget period. On a daily basis for the period from the Petition Date through each day of the Budget period, (a) the aggregate actual disbursements by Gas City from the Petition Date to any report date shall be no greater than 110% of the aggregate

amount of projected disbursements for such period as set forth in the Budget; and (b) the aggregate actual cash receipts collected by Gas City from the Petition Date to any report date shall be no less than 90% of the aggregate amount of projected cash receipts for such period as set forth in the Budget. Gas City shall not make any payments or other disbursements other than the itemized projected disbursements set forth in the Budget without the prior written consent of the Prepetition Secured Lender. Failure by Gas City to comply with the Budget variance provisions set forth in this paragraph shall constitute an Event of Default under this Second Bridge Order. The Budget shall not be modified without the prior written consent of the Prepetition Secured Lender.

3. Gas City's authority to use Cash Collateral in accordance with this Second Bridge Order and the Budget shall terminate on the earliest to occur (the "Cash Collateral Termination Event") of: (a) 5:00 p.m. (Chicago time) on November 9, 2010 and (b) the occurrence and continuation of an Event of Default under this Second Bridge Order and a determination by the Prepetition Secured Lender, by written notice delivered by hand-delivery, overnight mail, facsimile, or email to counsel for the Debtors, to terminate Gas City's use of Cash Collateral.

4. Upon the occurrence and during the continuation of a Cash Collateral Termination Event, to the extent unencumbered funds are not available to pay administrative expenses in full, the Adequate Protection Liens, the Adequate Protection Priority Claims, and all liens, security interests and mortgages in favor of the Prepetition Secured Lender (collectively, the "Prepetition Secured Lender Liens"), in each case solely with respect to the assets of Gas City but not the assets of the WJM Trust, shall be subject to the payment of the Carve-Out. For purposes of this Second Bridge Order, the "Carve-Out" shall mean the sum of any unpaid

professional fees and expenses specified in the Budget that were incurred but not paid as of the date of such Cash Collateral Termination Event (provided that such professional fees and expenses shall not exceed the aggregate amount of professional fees and expenses set forth in the Budget for the period prior to such Cash Collateral Termination Event) by the professionals retained by the Debtors and are subsequently allowed by order of this Court, in each case net of any unused retainers and only to the extent not subsequently paid.

5. No portion of the Prepetition Collateral, the Cash Collateral, or the Carve-Out, and no disbursements set forth in the Budget, shall be used for the payment of professional fees, disbursements, costs or expenses incurred in connection with asserting any claims or causes of action against the Prepetition Secured Lender or any of its affiliates, agents, attorneys, financial advisors, officers, managers, directors or employees, including, without limitation, any action challenging or raising any defenses to the Prepetition Obligations, the liens of the Prepetition Secured Lender, or the validity or enforceability of the credit documents by and among the Prepetition Secured Lender and the Debtors.

6. As adequate protection for the payment of the Adequate Protection Obligations and subject to the Carve-Out, the Prepetition Secured Lender shall be granted the Adequate Protection Liens (as defined in paragraph E above) and the Adequate Protection Priority Claim (as defined in paragraph E above). The Adequate Protection Liens shall be (a) junior in priority to the Carve-Out, (b) junior in priority to any valid, properly perfected, enforceable and non-avoidable liens on assets of the Debtors other than the Prepetition Secured Lender Liens, but only to the extent such liens are senior in priority to the Prepetition Secured Lender Liens, and (c) senior to any other liens. The Adequate Protection Priority Claim shall be junior in priority to the Carve-Out. As additional adequate protection, the Debtors shall be

prohibited from incurring additional indebtedness having priority claims or liens equal to or senior in priority to the Prepetition Obligation or the liens securing such obligations. Without the prior written consent of the Prepetition Secured Lender, no portion of the Prepetition Collateral (including any Cash Collateral) shall (a) except as expressly permitted under the terms of the Budget, be used by Gas City to satisfy chapter 11 administrative expenses or operating expenses of the WJM Trust or any of Gas City's other affiliates or (b) be distributed by Gas City to the WJM Trust or any of Gas City's other affiliates in the form of an upstream dividend, intercompany loan, or any other distribution for less than reasonably equivalent value.

7. The Adequate Protection Liens (as defined in paragraph E above) shall not be subject to challenge and shall attach and become valid, perfected, enforceable, non-avoidable and effective by operation of law as of the Petition Date without any further action by the Debtors or the Prepetition Secured Lender, and without the necessity of execution by the Debtors, or the filing or recordation, of any financing statements, security agreements, vehicle lien applications, mortgages, fixture filings, filings with the U.S. Patent and Trademark Office, or other documents.

8. Nothing herein shall preclude the Prepetition Secured Lender from (i) seeking additional adequate protection from the Debtors at any time, (ii) seeking to terminate Gas City's use of Cash Collateral, or (iii) seeking the payment of all default rate interest accruing under the Prepetition Credit Agreements from and after the Petition Date. Furthermore, nothing herein shall be construed as an acknowledgment or stipulation by the Prepetition Secured Lender that its interests in the Prepetition Collateral are adequately protected.


9. Neither the Adequate Protection Liens nor the Adequate Protection Priority Claims shall be (a) subject or subordinated to, or made *pari passu* with, any lien that is

avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or (b) subject or subordinated to, or made *pari passu* with, any other lien or security interest, whether under sections 363 or 364 of the Bankruptcy Code or otherwise, except as provided in this Second Bridge Order. The Adequate Protection Liens shall constitute valid, enforceable and duly perfected security interests and liens upon entry of this Second Bridge Order and the Prepetition Secured Lender shall not be required to file or serve financing statements, notices of lien or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such security interests and liens. Failure by the Debtors to execute any documentation relating to the Adequate Protection Liens shall in no way affect the validity, enforceability, perfection or priority of such Adequate Protection Liens.

10. The provisions of this Second Bridge Order shall be binding upon and inure to the benefit of the Prepetition Secured Lender, the Debtors, and their respective successors and assigns (including, without limitation, any trustee or other fiduciary hereafter appointed for or on behalf of any Debtor's estate or property). The provisions of this Second Bridge Order and any actions taken pursuant thereto (a) shall survive the entry of any order: (i) confirming any plan of reorganization in these Chapter 11 Cases; (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; or (iii) dismissing the Chapter 11 Cases; and (b) shall continue in full force and effect notwithstanding the entry of any such order, and the claims, liens, and security interests granted pursuant to this Second Bridge Order shall maintain their priority as provided by this Second Bridge Order until all of the Adequate Protection Obligations are indefeasibly paid in full and discharged in accordance with the terms of this Second Bridge Order.

11. If any or all of the provisions of this Second Bridge Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacatur or stay shall not affect (a) the validity of any Adequate Protection Obligations incurred prior to the actual receipt by the Prepetition Secured Lender of written notice of the effective date of such reversal, modification, vacatur or stay, or (b) the validity or enforceability of any claim, lien, security interest or priority authorized or created hereby with respect to the Adequate Protection Obligations.

Notwithstanding any such reversal, modification, vacatur or stay, any use of Cash Collateral or the incurrence of Adequate Protection Obligations by the Debtor prior to the actual receipt by the Prepetition Secured Lender of written notice of the effective date of such reversal, modification, vacatur or stay, shall be governed in all respects by the provisions of this Second Bridge Order.

12. Neither the Debtors nor any other party in interest in these chapter 11 cases, including, without limitation, any official committee or chapter 7 or chapter 11 trustee, shall assert or become entitled to assert any claim against any vendor that actually delivers or provides postpetition goods or services to the Debtors in the ordinary course of the Debtors' business operations to recover postpetition payments by the Debtors on account of such goods or services under section 549 of the Bankruptcy Code or on the basis that such payments came from funds that constitute cash collateral of any secured creditor of the Debtors, unless (a) such payments were not made in the ordinary course of the Debtors' business, or (b) such payments are made following ^{such vendor's actual receipt of written notice of} termination of the Debtors' authority to use Cash Collateral. 

13. The Interim Hearing is adjourned until November 9 2010 at 8:00 a.m. (Chicago time) before this Court. The Debtors shall promptly serve a notice of entry of this Second Bridge Order and the Interim Hearing, together with a copy of the proposed Interim Order, by first class mail, postage prepaid, upon: (i) counsel to the U.S. Trustee; (ii) the twenty

(20) largest unsecured creditors of each Debtor; (iii) counsel to the Prepetition Secured Lender; (iv) all known parties with liens of record on assets of the Debtors as of the Petition Date, including the Illinois Department of Revenue; (v) all financial institutions at which the Debtors maintain deposit accounts; (vi) the landlords for all non-residential real properties occupied by the Debtors as of the Petition Date; (vii) the Internal Revenue Service; and (viii) all other parties requesting notice pursuant to Bankruptcy Rule 2002. The notice of the entry of this Second Bridge Order and the Interim Hearing shall state that objections to the entry of the Interim Order shall be filed with the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, by no later than 4:00 p.m. (Chicago time) on November 5, 2010 (the "Objection Deadline"), which objections shall be served so that the same are actually received before the Objection Deadline by (a) counsel to the Debtors, (b) counsel to the Prepetition Secured Lender, and (c) counsel to the U.S. Trustee. Any objections by creditors or other parties-in-interest to any provisions of the proposed Interim Order shall be deemed waived unless timely filed and served in accordance with the foregoing terms.

Dated: Nov. 1, 2010.

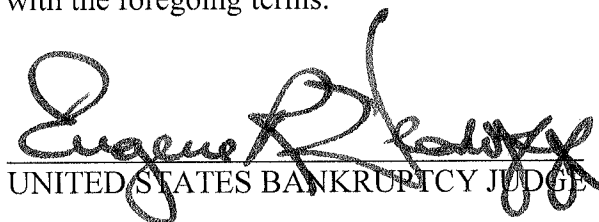

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

**Gas City
Cash Flow Forecast**

\$000s	PERIOD ENDING==>	Forecast 2-Nov	Forecast 3-Nov	Forecast 4-Nov	Forecast 5-Nov	Forecast 8-Nov	Forecast 9-Nov	TOTAL
Estimated Beginning Day Pre-paid Balance								
Beginning cash in Concentration Account		432	820	506	568	456	489	432
Cash inflow:								
Plus: Wholesale EFT receipts		-	-	-	-	-	-	-
Plus: Retail Credit Card receipts		1,652	868	616	739	920	1,686	6,481
Plus: Retail Cash Deposits		449	273	309	198	317	427	1,973
Plus: Retail BOA Main and Other		200	-	-	200	-	-	400
Plus: Retail Station Deposits Direct to Conc		416	378	247	211	251	424	1,927
Total Daily Receipts		2,717	1,519	1,172	1,349	1,487	2,537	10,782
Cash outflow:								
Less: Refiner AP Payments		107	60	65	110	181	132	655
Less: Fuel Prepay		1,700	1,060	970	1,050	1,000	1,840	7,620
Less: Trade Controlled Disb		304	228	76	114	65	260	1,047
Less: Trade Wires (EBY / Trucking)		-	250	-	175	-	-	425
Less: Payroll Taxes		-	-	-	-	-	-	-
Less: Taxes - Motor Fuel		-	-	-	-	-	-	-
Less: Taxes - Sales fuel		219	-	-	-	209	-	427
Less: Taxes - Sales non-fuel		-	-	-	-	-	-	-
Less: Tax repayment plan		-	-	-	-	-	-	-
Less: Lottery		-	134	-	12	-	-	146
Less: Leased Units Payment Plan		-	-	-	-	-	-	-
Less: Debt Service / bank fees / Profes		-	100	-	-	-	100	200
Total Daily Disbursements		2,330	1,832	1,111	1,461	1,455	2,332	10,520
Ending cash - Ledger		820	506	568	456	489	694	694
Check float (non payroll)		(437)	(209)	(132)	(668)	(603)	(601)	(601)
Net Cash position		383	298	435	(212)	(115)	93	93
Beginning cash in account 9930 & 5946								
Deposits		156	181	156	146	347	126	1,111
Cleared checks		62	10	29	62	77	97	336
Wires ACH		26	78	60	45	29	23	260
Transfers		(200)	-	-	(200)	-	-	(400)
Ending cash Balance		422	515	582	420	662	668	668
Check float (Payroll)		(289)	(279)	(250)	(188)	(111)	(91)	(91)
Net Cash position		132	235	331	232	550	577	577
Total - Net position (Conc & payroll)		515	533	766	20	435	670	670
Reconciliation of Usable Cash in Concentration Account:								
Beginning cash (above)		432	820	506	568	456	489	
less: closing 2 day float		200	175	100	100	100	200	
Adjusted Beginning Balance		232	645	406	468	356	289	
Net Funds Available for Use (less retail cash deposits)		2,500	1,890	1,270	1,618	1,527	2,399	
less: disbursements		2,330	1,832	1,111	1,461	1,455	2,332	
Net Usable Ending Cash Balance		170	58	159	158	72	67	
Professional Fees		29	29	29	29	29	29	174