



ENTERED
03/03/2016

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	
	§	
GINGER OIL COMPANY,	§	Case No. 16-30678
	§	Chapter 11
<u>Debtor.</u>	§	

SECOND INTERIM AGREED ORDER AUTHORIZING LIMITED USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION
(Ref: Docket Nos. 5 and 15)

On February 4, 2016, Ginger Oil Company (the “**Debtor**”) filed its Emergency Motion for Use of Cash Collateral [Docket No. 5] (the “**Motion**”) in the above-captioned case (the “**Case**”). Pursuant to the Motion and the agreement between the Debtor and Independent Bank (“**IBTX**”) in relation thereto under the terms and conditions of this Second Interim Agreed Order Authorizing Limited Use of Cash Collateral and Granting Adequate Protection (the “**Second Interim Order**”), the Debtor seeks the following pursuant to sections 105, 361, 362 and 363 of title 11 of the United States Code (the “**Bankruptcy Code**”) and rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”): (i) authority for the Debtor to use Cash Collateral (as defined below) of Independent Bank (“**IBTX**”) in accordance with the terms and conditions set forth herein; (ii) the granting of adequate protection to IBTX with respect to its interests in the Collateral and Cash Collateral (as each term is defined below); and (iii) modification of the automatic stay of section 362 of the Bankruptcy Code (the “**Automatic Stay**”) to the extent provided herein.

1. On February 11, 2016, following an emergency hearing on the Motion conducted by the Court on February 8, 2016, the Court entered an Interim Order Granting Emergency Motion for Use of Cash Collateral [Docket No. 15] (the “**Interim Order**”). Pursuant to the

Interim Order, the Court set the Motion for final hearing on February 25, 2016, at 9:00 a.m. (the “**Final Hearing**”).

2. The Debtor and IBTX have represented to the Court that they have agreed to the terms and conditions of this Second Interim Order in resolution of any objections that IBTX would otherwise assert in response to the Motion. Having considered the Motion, the evidence presented, and the arguments and representations of counsel, the Court finds and concludes as follows:

STATEMENT OF JURISDICTION

3. The Court has jurisdiction over the Case and the Motion pursuant to 28 U.S.C. §§ 157 and 1334. The Motion constitutes a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of the Case and Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

NOTICE AND OBJECTION DEADLINE

4. Sufficient and adequate notice of the Motion, the Interim Order, and the Final Hearing has been given pursuant to Bankruptcy Rules 2002, 4001 and 9006, and as required by Bankruptcy Code §§ 102, 105, 361, 362 and 363. No further notice of, or hearing on, the relief sought in the Motion is necessary or required. Any objection to any term of this Second Interim Order by any party in interest must be filed per the filing requirements of the United States Bankruptcy Court for the Southern District of Texas, Houston Division, on or before 5:00 p.m. (prevailing Central Time) on March 17, 2016 (the “**Objection Deadline**”). Any party in interest that does not timely file an objection by the Objection Deadline shall be bound by all terms and provisions of this Second Interim Order. Notwithstanding the filing of any objection hereto, the

relief granted hereunder is necessary to avoid immediate and irreparable harm to the estate and is thus is approved and may be acted upon immediately upon entry of this Second Interim Order.

FACTUAL AND PROCEDURAL BACKGROUND

5. On February 4, 2016 (the “**Petition Date**”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code, thereby commencing the Case. The Debtor has continued in the management and possession of its business and property as a debtor-in-possession pursuant to Bankruptcy Code §§ 1107 and 1108.

6. As of date and time of the Final Hearing, no official committee of unsecured creditors (“**Committee**”) has been appointed in the Case.

IBTX’s Pre-Petition Claim

7. Pursuant to the Loan Documents (as defined below) and applicable law, IBTX holds valid, enforceable, and allowable claims against the Debtor, as of the Petition Date, in an aggregate amount equal to at least \$3,220,000 in unpaid principal, \$12,139.70 in accrued but unpaid interest, plus any and all other fees, costs, expenses, charges, and other debts or obligations of the Debtor to IBTX under the Loan Documents and applicable law (the “**Pre-Petition Claim**”).

The Loan Documents

8. The Pre-Petition Claim of IBTX is valid, existing, legally enforceable, and evidenced by certain documents executed and delivered to IBTX by the Debtor, including, without limitation: (i) that certain Credit Agreement, dated September 13, 2013, between the Debtor, as borrower, and IBTX, as lender (as amended, amended and restated, or otherwise modified from time to time, the “**Credit Agreement**”), pursuant to which IBTX agreed to provide a first lien secured credit facility to the Debtor in the initial maximum principal amount

of \$25,000,000, subject to the terms, conditions and limitations set forth therein; and (ii) that certain Promissory Note, dated September 13, 2013, executed by the Debtor in the original face amount of \$25,000,000 (the “**Note**”).

9. Under the terms of the Credit Agreement, the Debtor was required to enter into Acceptable Commodity Hedging Transactions (as defined in the Credit Agreement) having characteristics more particularly described in the Credit Agreement. In relation to such requirement, as of the Petition Date, the Debtor and BP Energy Company (“**BP Energy**”) were parties to that certain ISDA 2002 Master Agreement, dated as of September 4, 2013, and Schedule of equal date thereof, as amended and restated pursuant to that certain Amended and Restated Schedule, dated effective as of January 15, 2015 (collectively, as amended, amended and restated, or otherwise modified from time to time, the “**BP Hedge Agreement**”).

10. To secure the repayment of all obligations owed or that become owing by the Debtor to IBTX under the terms of the Credit Agreement and Note, as well as the payment and performance of all other Obligations (as defined in the Credit Agreement) and Secured Obligations (as defined in the Security Agreement (as defined below)):

(i) the Debtor entered into that certain Security Agreement, dated September 13, 2013, with IBTX (as amended, amended and restated, or otherwise modified from time to time, the “**Security Agreement**”) pursuant to which, among other things, the Debtor granted to IBTX a continuing security interest and lien in: “All Personal Property Collateral¹ of the Debtor, whether now owned or hereafter acquired or arising”;² “The balance of every deposit account of the Debtor with [IBTX]”;³ and “Cash and noncash proceeds and accessions arising with respect to any of the foregoing”⁴ (all interests in property in which the Debtor has granted a security interest and/or lien to IBTX pursuant to the

¹ “Personal Property Collateral” is defined in the Security Agreement as “all of the Debtor’s accounts, as-extracted collateral, goods, documents, equipment, general intangibles, Hedging Agreements, Hedging Transactions, inventory, investment property, letter of credit rights, money, payment intangibles, commercial tort claims, farm products, fixtures, Receivables and Receivable Records, insurance, software, supporting obligations, Collateral Records, Collateral Support, and all deposit accounts at [IBTX]; together with proceeds of any and all of the foregoing.” Security Agreement, § 1.1.2.

² Security Agreement, § 2.1.1.

³ Security Agreement § 2.1.2.

⁴ Security Agreement § 2.1.3.

Security Agreement collectively referred to as the “**Security Agreement Collateral**”); in relation to which that certain UCC Financing Statement was filed with the Office of the Secretary of State of Texas (the state of incorporation of the Debtor) on September 16, 2013 (the “**UCC Financing Statement**”).

(ii) the Debtor executed that certain Mortgage, Security Agreement, Assignment of Production, Fixture Filing and Financing Statement, dated September 13, 2013, and filed in the records of Lafayette County, Arkansas on September 17, 2013 (the “**Lafayette County Mortgage**”), pursuant to which, among other things, the Debtor granted liens and/or security interests to or for the benefit of IBTX in those certain properties and interests in property more particularly described therein (collectively referred to as the “**Lafayette County Collateral**”).

(iii) the Debtor executed that certain Mortgage, Security Agreement, Assignment of Production, Fixture Filing and Financing Statement, dated September 13, 2013, and filed in the records of Ouachita County, Arkansas on September 17, 2013 (the “**Ouachita County Mortgage**”), pursuant to which, among other things, the Debtor granted liens and/or security interests to or for the benefit of IBTX in those certain properties and interests in property more particularly described therein (collectively referred to as the “**Ouachita County Collateral**”).

(iv) the Debtor executed that certain Mortgage, Security Agreement, Assignment of Production, Fixture Filing and Financing Statement, dated September 13, 2013, and filed in the records of Nevada County, Arkansas on September 17, 2013 (the “**Nevada County Mortgage**”), pursuant to which, among other things, the Debtor granted liens and/or security interests to or for the benefit of IBTX in those certain properties and interests in property more particularly described therein (collectively referred to as the “**Nevada County Collateral**”).

(v) the Debtor executed that certain Mortgage, Deed of Trust, Security Agreement, Fixture Filing and Financing Statement, dated September 13, 2013, and filed in the records of Jackson County, Texas on September 17, 2013 (the “**Jackson County Mortgage**”), pursuant to which, among other things, the Debtor granted liens and/or security interests to or for the benefit of IBTX in those certain properties and interests in property more particularly described therein (collectively referred to as the “**Jackson County Collateral**”).

(vi) the Debtor executed that certain Act of Mortgage, Assignment of Production, Security Agreement, Fixture Filing and Financing Statement, dated September 13, 2013, and filed in the records of Iberia Parish, Louisiana on September 17, 2013 (the “**Iberia Parish Mortgage**”), pursuant to which, among other things, the Debtor granted liens and/or security interests to or for the benefit of IBTX in those certain properties and interests in property more particularly described therein (collectively referred to as the “**Iberia Parish Collateral**”).

The Credit Agreement, the Note, the Security Agreement, the UCC Financing Statement, the Lafayette County Mortgage, the Ouachita County Mortgage, the Nevada County Mortgage, the Jackson County Mortgage, and the Iberia Parish Mortgage are collectively referred to herein as the “**Loan Documents**”. True and correct copies of the Loan Documents were introduced into evidence at the Final Hearing, the terms and provisions of which are incorporated herein as if set forth *in haec verba*. True and correct copies of the Loan Documents will be made available to parties in interest upon written request to counsel for IBTX. The Loan Documents are genuine, valid, existing, and legally enforceable.

The Pre-Petition Collateral

11. Subject to the reservation of rights set forth within Paragraph 65 of this Second Interim Order, and subject to Prior Liens (as defined below), if any, the Pre-Petition Claim evidenced by the Loan Documents is secured by perfected first priority liens and security interests in, *inter alia*, substantially all of the assets of the Debtor as more fully described in the Loan Documents, including, without limitation, the Security Agreement Collateral, the Lafayette County Collateral, the Ouachita County Collateral, the Nevada County Collateral, the Jackson County Collateral, and the Iberia Parish Collateral (collectively, the “**Pre-Petition Collateral**”).

12. Subject to the reservation of rights set forth within Paragraph 65 of this Second Interim Order, IBTX properly perfected its first priority liens and security interests, and other liens and security interests that are subject to Prior Liens (as defined below), if any, in the Pre-Petition Collateral, as evidenced by the Loan Documents.

Opening of New Accounts, Redirection of Payments, and Transfers of Funds

13. Prior to the Petition Date, the Debtor maintained its depository accounts at IBTX. Following the Petition Date, and in order to comply with the requirements of the United States

Trustee for the Southern District of Texas, Houston Division, the Debtor opened three new debtor-in-possession depository accounts at Frost Bank (collectively, the “**DIP Accounts**”): one styled a Debtor-in-Possession Operating Account (the “**DIP Operating Account**”) into which all funds belonging to the Debtor (with the exception of the Hedge Termination Proceeds (as defined below)) are deposited (all funds on deposit in the DIP Operating Account at any given time referred to as the “**DIP Operating Account Funds**”); one styled a Debtor-in-Possession Operator Account (the “**DIP Operator Account**”) into which all funds belonging to third parties, but administered by the Debtor, are deposited; and one styled a Debtor-in-Possession Saving Account (the “**DIP Savings Account**”) into which the Hedge Termination Proceeds have been, or will upon receipt by the Debtor, be deposited, and from which the Debtor will periodically withdraw funds and transfer them to the DIP Operating Account to fund the Debtor’s operations (all funds on deposit in the DIP Savings Account at any given time referred to as the “**DIP Savings Account Funds**”). Since opening the DIP Accounts, the Debtor has directed account debtors and other parties owing amounts to the Debtor to make payments to, and directed other parties holding funds of the Debtor, including IBTX, to transfer such funds to, the DIP Accounts. Additionally, the Debtor has been depositing any received checks in the DIP Accounts. Any and all checks received by the Debtor that include funds belonging to third parties are first deposited by the Debtor into the DIP Operator Account, followed by the Debtor’s withdrawal from the DIP Operator Account and deposit into the DIP Operating Account of that portion of the funds belonging to the Debtor, which practice the Debtor shall continue.

Termination of BP Hedge Agreement and Transactions Pursuant Thereto

14. On or about February 23, 2016, BP Energy provided formal notice to the Debtor of its election to exercise its right under the BP Hedge Agreement to terminate the agreement and

all transactions undertaken in accordance therewith. The Debtor has directed BP Energy to remit all termination settlement proceeds owing to the Debtor (the “**Hedge Termination Proceeds**”) to the Debtor; or to the extent that any such Hedge Termination Proceeds are instead transferred by BP Energy to IBTX, has directed IBTX to transfer such Hedge Termination Proceeds to the Debtor. Upon receipt, the Debtor shall deposit the Hedge Termination Proceeds into the DIP Savings Account.

IBTX’s Cash Collateral

15. All cash in the Debtor’s bankruptcy estate, wherever located, and all cash equivalents, whether in the form of negotiable instruments, documents of title, securities, deposit accounts, investment accounts, or in any other form, including, without limitation, the DIP Operating Account Funds and the DIP Savings Account Funds, (i) which represent income, proceeds, products, rents, or profits of the Pre-Petition Collateral that were on the Petition Date in the Debtor’s possession, custody or control (or persons in privity with the Debtor), or (ii) in which the Debtor has obtained or will obtain an interest during the pendency of this Case and which represent income, proceeds, products, rents, or profits of the Pre-Petition Collateral or any Replacement Lien Collateral (as defined below) (collectively, the “**Cash Collateral**”), shall constitute the Cash Collateral of IBTX. For the avoidance of doubt, the Hedge Termination Proceeds constitute Cash Collateral. IBTX holds, subject to Prior Liens (as defined below), if any, first priority perfected liens and security interests in the Cash Collateral pursuant to applicable provisions of the Loan Documents and Bankruptcy Code §§ 363(a) and 552(b).

16. The Debtor shall segregate and account to IBTX for all Cash Collateral that it now possesses, that it has permitted to be transferred into the possession of others (if any), that is being held by those in privity with the Debtor, or that the Debtor might hereafter obtain or have

any interest in. The Debtor shall account to IBTX for the receipt and use of the Cash Collateral received by the Debtor since the Petition Date and prior to the entry of this Second Interim Order, which accounting may be provided as part of the first monthly report described in Paragraph 44(b) of this Second Interim Order. The Debtor is strictly prohibited from using Cash Collateral except as provided herein, unless separately hereafter authorized by this Court after motion, notice and hearing.

Need For and Consent to Limited Use of Cash Collateral

17. IBTX does not consent to the Debtor's use of Cash Collateral except in strict accordance with the terms and conditions contained in this Second Interim Order. The relief hereunder is necessary to avoid immediate and irreparable harm to the Debtor's estate because, without the use of Cash Collateral, the Debtor will not have the funds necessary to maintain its assets, maintain its operations, sell or otherwise liquidate any of its assets, provide financial information, or pay employees, payroll taxes, charges of vendors, overhead, and other expenses necessary to maintain the value of the Debtor's assets. The Debtor requires the use of Cash Collateral as provided herein.

18. The Debtor has requested IBTX to permit the use of Cash Collateral for the expenses set forth in the Budget (as defined below), in order to avoid the harm to the Debtor's estate that will occur if this Second Interim Order is not approved.

19. Good, adequate, and sufficient cause has been shown to justify the granting of the relief set forth herein. The Debtor's ability to maintain the value of its assets depends upon the Debtor's ability to use the Cash Collateral of IBTX. Accordingly, the use of Cash Collateral by the Debtor under the terms and conditions of this Second Interim Order is actual and necessary to preserving the Debtor's estate.

Authorization for Limited Use of Cash Collateral

20. The Debtor is hereby authorized, on a limited basis, to use Cash Collateral only in strict accordance with the terms and conditions provided in this Second Interim Order. Furthermore, the Debtor is authorized and hereby agrees to perform any and all acts required to comply with the terms and conditions of this Second Interim Order.

Cash Collateral Account

21. All existing DIP Operating Account Funds and DIP Savings Account Funds constitute Cash Collateral. With the exception of the Hedge Termination Proceeds (which are or will upon receipt be deposited in the DIP Savings Account), the Debtor shall immediately segregate, remit, and deposit all Cash Collateral in the Debtor's other accounts, and that is otherwise in its possession, custody or control, into the DIP Operating Account; and with the exception of the Hedge Termination Proceeds (which are or will upon receipt be deposited in the DIP Savings Account), the Debtor shall continue to remit and deposit all Cash Collateral it hereafter receives in any of its accounts, or that otherwise comes into its possession, custody or control, and that the Debtor may receive in the future, into the DIP Operating Account.

22. The Debtor shall immediately provide full and complete account information for the DIP Operating Account and DIP Saving Account to IBTX and shall cooperate with IBTX in promptly obtaining the execution of an account control agreement, in favor of IBTX, with Frost Bank in relation to the DIP Operating Account and DIP Savings Account. The Debtor shall also immediately coordinate with IBTX and Frost Bank to provide IBTX with on-line informational access to the DIP Operating Account and DIP Savings Account, such that IBTX is able to monitor, on a daily basis, debits and credits made from and to the DIP Operating Account and DIP Savings Account (which on-line informational access, for the avoidance of doubt, shall not

include any ability to transfer any funds out of the DIP Operating Account or DIP Savings Account). Notwithstanding, and in addition, to the foregoing, and subject only to the reservation of rights set forth in Paragraph 65 of this Second Interim Order, IBTX shall have a continuing, perfected security interest in and lien on all Cash Collateral, including, without limitation, Cash Collateral in the DIP Operating Account and DIP Savings Account, without the necessity of any action on the part of IBTX.

23. The Debtor shall be prohibited from withdrawing funds from the DIP Operating Account and DIP Savings Account, except in strict compliance with the terms and conditions of this Second Interim Order or as otherwise authorized by separate order of the Court hereafter upon motion, notice and a hearing.

ADEQUATE PROTECTION OF IBTX'S INTERESTS

Budgeted Cash Collateral Usage

24. As adequate protection of IBTX's interests in the Pre-Petition Collateral and for the Debtor's use of Cash Collateral, the Debtor is authorized, effective as of the Petition Date and until the Expiration Date, but only so long as an Event of Default (as defined below) shall not have occurred, to use Cash Collateral only in accordance with the budget attached hereto as **Exhibit A**, with allowable variances of (i) subject to the variance limitations of subdivision (ii) below (which shall control over this subdivision (i)), up to 10% for any expense line item during a particular month (excluding the expense line items for "Net Employee Payroll (Other Than Debtor)" and "Contingency for well workovers plus well and lease capital costs" (any expenses falling within this line item referred herein to as the "**Contingency Capital Costs**")), and (ii) up to 10% in aggregate expenses on a cumulative line item basis (subject to the same exclusions set forth above) from the Petition Date through the Expiration Date (as defined below) (the budget

attached hereto as Exhibit A including such allowable variances, referred to herein as the “**Budget**”); *provided, however*, any expenditure of Cash Collateral on Contingency Capital Costs shall be subject to the prior written consent of IBTX or separate order of the Court hereafter entered upon motion, notice and a hearing which authorizes the expenditure of Cash Collateral for the same; *and provided further* that, notwithstanding the foregoing, there shall be no variance to the agreed upon Carve-Out (as defined below) for Case Professionals (as defined below). With respect to expenditures of Cash Collateral on Contingency Capital Costs, IBTX shall respond in writing (with its consent or non-consent to the use of Cash Collateral for such purpose) to each written request submitted by the Debtor to IBTX (which shall be delivered to IBTX in accordance with the provisions of Paragraph 67 of this Second Interim Order) by no later than ten (10) calendar days after the delivery of such request to IBTX.

25. Other than professional fees and expenses reserved for or paid pursuant to the Carve-Out (as defined below), IBTX’s consent to use of Cash Collateral extends only to Budgeted amounts on a line item basis actually expended in accordance with the Budget. Upon the occurrence of an Event of Default (as defined below), and subject to the Carve-Out, IBTX’s consent to the use of Cash Collateral shall extend *only* to those necessary and *unpaid* Budgeted expense amounts on a line item basis actually accrued and incurred through the date of the Event of Default, and no expense or Budget amounts shall be considered accrued until the month such expense is listed in the Budget. Upon the occurrence of an Event of Default, all other consent and authority hereunder for the use of Cash Collateral to satisfy projected, Budgeted expenditures, shall be immediately terminated and deemed withdrawn.

26. Except as may specifically be provided in the Budget, the Debtor agrees that no transfer of Cash Collateral shall be made to any of the Debtor’s insiders, as that term is defined

in Bankruptcy Code § 101. Any Budgeted transfers to insiders (with the exception of employee payroll, benefits and expense reimbursements) shall be so identified in the Budget.

27. To the extent there exists any cash of the Debtor's estate that is not Cash Collateral, wherever located and however held, such cash shall be deemed to have been used first by the Debtor and its estate.

28. The Budget may be modified at any time with the prior written consent of IBTX, provided that notice of such modification shall be filed in the Case.

Replacement Liens and Superpriority Administrative Expense

29. Taking into account all factors in this Case, and subject to the reservation of rights set forth within Paragraph 65 of this Second Interim Order, to the extent of any decrease in the value of IBTX's interest in the Pre-Petition Collateral and Cash Collateral, as adequate protection of IBTX's interest in the Pre-Petition Collateral and Cash Collateral and for the Debtor's use of Cash Collateral, IBTX is granted herein pursuant to Bankruptcy Code §§ 361 and 363, effective as of the Petition Date, and subject and subordinate only to Prior Liens (if any) and the Carve-Out, valid and automatically perfected first priority replacement liens and security interests in and upon all properties and assets of the Debtor and its estate, real and personal, of the same type and nature as the Pre-Petition Collateral, including, but not limited to, those assets described in the Loan Documents, whether acquired before or after the Petition Date, whether now owned and existing or hereafter acquired, created, or arising, and all income, proceeds, products, rents, or profits thereof, and all accessions thereto, substitutions and replacements therefor, and wherever located, and including all assets acquired by the Debtor post-petition of the same type and nature as the Pre-Petition Collateral, but excluding, for the avoidance of doubt,

causes of action and recoveries under chapter 5 of the Bankruptcy Code (collectively, the “**Replacement Lien Collateral**”).

30. To the extent that the adequate protection provided by such Replacement Lien Collateral is insufficient to adequately protect IBTX’s interest in the Pre-Petition Collateral and Cash Collateral, IBTX is hereby granted, subject to Prior Liens (as defined below), if any, Permitted Liens (as defined in the Credit Agreement), and the Carve-Out, a super-priority administrative claim and all of the other benefits and protections allowable under Bankruptcy Code § 507(b) (the “**Super-Priority Administrative Claim**”).

Automatic Perfection

31. This Second Interim Order and the Loan Documents shall be sufficient and conclusive evidence of the attachment, perfection, priority and validity of all of IBTX’s security interests in and liens on the Cash Collateral, Pre-Petition Collateral, and Replacement Lien Collateral (collectively, the “**Collateral**”), and the liens and security interests granted and created pursuant to this Second Interim Order constitute valid, automatically perfected and unavoidable security interests and liens, with the priorities granted hereunder and thereunder, without the necessity of creating, filing, recording, or serving any financing statements, mortgages, or other documents that might otherwise be required under federal or state law in any jurisdiction or the taking of any other action to validate or perfect the adequate protection liens and security interests granted in this Second Interim Order to IBTX.

32. To the extent that any applicable non-bankruptcy law would restrict the granting, scope, enforceability, attachment or perfection of IBTX’s liens and security interests authorized, ratified or created by this Second Interim Order, or otherwise would impose filing or registration requirements with respect to such liens or security interests, such law is hereby pre-empted to the

maximum extent permitted by the Bankruptcy Code, applicable federal law, and the judicial power of the United States Bankruptcy Court.

33. By virtue of the terms of this Second Interim Order, to the extent IBTX has filed UCC financing statements, mortgages, or other security or perfection documents under the name of the Debtor, such filings shall be deemed to properly perfect IBTX's liens and security interests under this Second Interim Order in the Replacement Lien Collateral without further action by IBTX.

34. If IBTX, in its sole discretion, elects for any reason to file any UCC financing statement, mortgage, or other recordable documents to evidence perfection of IBTX's interests in the Replacement Lien Collateral, IBTX is authorized, and upon IBTX's request to the Debtor, the Debtor is authorized and directed, to execute, or cause to be executed, all such financing statements, mortgages or other documents that conform with the scope of the Replacement Lien Collateral described in Paragraph 29 of the Second Interim Order, and the filing, recording, or service (as the case may be) of such instruments shall be deemed to have been made at the time of and on the Petition Date, and the signature(s) of any person(s) designated by the Debtor, whether by letter to IBTX or by appearing on any one or more of the agreements or other documents respecting the security interests and liens of IBTX granted hereunder, shall bind the Debtor and its estate. To evidence IBTX's security interests and liens in the Replacement Lien Collateral, IBTX may, in its sole discretion, file a certified copy of this Second Interim Order in any filing or recording office in any county or other jurisdiction in which the Debtor has real or personal property, and, in such event, the subject filing or recording officer is authorized and directed to file or record the certified copy of this Second Interim Order.

Prior Liens

35. For purposes of this Second Interim Order, “**Prior Liens**” shall mean, other than IBTX’s liens and security interests in the Collateral: (a) valid, perfected and unavoidable liens and security interests in property of the Debtor in existence as of the Petition Date, and valid and unavoidable liens and security interests in property of the Debtor in existence immediately prior to the Petition Date that are perfected after the Petition Date as permitted by Section 546(b) of the Bankruptcy Code, provided in each case that (i) such liens and security interests are senior in priority, and not subject to subordination, to IBTX’s liens and security interests in accordance with applicable law, and (ii) the foregoing is without prejudice to the rights of the Debtor or any other party in interest, including IBTX, to object to the validity, priority, or extent of such liens and security interests, or the allowance of such debts security thereby, or to institute any actions or adversary proceedings with respect thereto; (b) the quarterly fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930; and (c) the fees and expenses of the Clerk of this Court.

Authorization to Act

36. Until the Pre-Petition Claim has been indefeasibly paid and satisfied in full by its terms: (i) the Debtor shall only use Cash Collateral strictly in accordance with the terms of the Budget and Budget requirements and other terms of this Second Interim Order unless separately authorized by order of the Court hereafter entered upon motion, notice and hearing; (ii) the Debtor shall not, without prior approval of the Court, engage in any transaction that is not in the ordinary course of the Debtor’s business; and (iii) the Debtor shall timely comply with all of the covenants set forth in the Loan Documents to the extent the same have not been rendered impossible or commercially impracticable as a result of existing defaults or the filing of the Case.

No Additional Liens

37. Until the Pre-Petition Claim has been indefeasibly paid and satisfied in full by its terms, the Debtor shall not be authorized to obtain credit secured by a lien or security interest in the Prepetition Collateral, the Cash Collateral, or the Replacement Lien Collateral, other than Permitted Liens (as defined in the Credit Agreement), without the prior written consent of IBTX or order of the Court upon motion, notice and a hearing.

Automatic Stay

38. The Automatic Stay is hereby vacated and modified to the extent necessary to permit (i) the Debtor and IBTX to commit all acts and take all actions necessary to implement this Second Interim Order, and (ii) all acts, actions, and transfers contemplated herein.

Collateral Insurance, Maintenance, Taxes and Deposits

39. In accordance with the Budget, the Debtor shall maintain, with financially sound and reputable insurance companies, insurance of the kind covering the Collateral, and in accordance with the Loan Documents (covering such risks in amounts as shall be satisfactory to IBTX and shall name IBTX as loss payee thereunder), including, without limitation, insurance covering the Collateral; and, at the request of IBTX, the Debtor shall deliver to IBTX evidence of the maintenance of such insurance.

40. Upon receipt of notification (written or oral) that an insurance policy issued prior to the Petition Date covering any Collateral will not be renewed by the respective carrier, the Debtor will immediately notify IBTX in writing of such occurrence and thereafter provide periodic updates to IBTX with respect to the status of all negotiations, if any, regarding such policy, or the Debtor's efforts to procure replacement insurance, until such policy is renewed or replaced.

41. The Debtor verifies to the best of its knowledge and belief that all payments to all taxing authorities with respect to the Collateral are current as of the date of presentment of this Second Interim Order to the Court, except as disclosed in the Debtor's Schedules and Statement of Financial Affairs filed in the Case on the Petition Date, and any amendments thereto filed in the Case.

42. To the extent the Debtor has made or makes any deposits for the benefit of utility companies or any other entity, such deposits shall be, and hereby are, upon any return of same to the Debtor, and without prejudice to any other security interests or liens that IBTX may hold, subject to first priority perfected replacement liens and security interests of IBTX in respect of the Debtor's use of Cash Collateral granted by this Second Interim Order. Except as contemplated in the Budget, the Debtor may not use or transfer any such returned deposits.

Reporting Requirements

43. The Debtor is authorized and directed to provide to IBTX all of the documentation and reports required under the Loan Documents, including, without limitation, that documentation and those reports required under section 7.2 of the Credit Agreement (including all subsections), unless IBTX waives or modifies such requirements in writing or such reporting requirements have been rendered impossible or commercially impracticable as a result of an Event of Default (as defined below) and subsequent pursuit of remedies by IBTX (the "**Reporting Information**").

44. Without limiting the foregoing, the Reporting Information shall also include the following: (a) all such information, documentation and data of the type described in section 7.2.2(i) of the Credit Agreement with respect to the report of Ralph E. Davis, dated January 11, 2016, included among the documents filed at Docket No. 2 in the Case, which the Debtor shall

cause to be provided to IBTX within three (3) calendar days after the entry of this Second Interim Order; (b) on a monthly basis, a report (utilizing the same revenue and expense line items as set forth in the Budget) reflecting (i) revenues received and expenditures made during the preceding month, and (ii) the variances for such period (on the same line item basis) between the actual amounts received/expenditures made and the budgeted amounts reflected in the Budget for such period, together with a brief narrative explanation of the reasons for any such variances, which report shall be provided by the Debtor to IBTX within fifteen (15) calendar days after the end of each such month; and (c) such additional financial or other information concerning the acts, conduct, property, assets, liabilities, operations, financial condition, and transactions of the Debtor, or concerning any matter that may affect the administration of the estate, as IBTX may from time to time request.

45. IBTX and its agents and advisors shall have full access, upon notice during normal business hours, to the Debtor's business records, business premises, and to the Collateral to enable IBTX or its agents or advisors to (i) review, appraise, and evaluate the physical condition of the Collateral, (ii) inspect and review the financial records and other records of the Debtor concerning the operation of the Debtor's business, and (iii) evaluate the Debtor's overall financial condition and all other records relating to the operations of the Debtor. The Debtor shall fully cooperate with IBTX regarding such reviews, evaluations and inspections, and shall make its employees and professionals available to IBTX and its professionals and consultants, upon not less than two (2) business days' notice, to conduct such reviews, evaluations, and inspections.

Fees, Costs and Expenses of IBTX

46. As additional adequate protection of IBTX's interest in the Pre-Petition Collateral and Cash Collateral and for the Debtor's use of Cash Collateral, all fees, costs, and expenses, including attorneys' fees and expenses (collectively, the "**Lender Fees**"), due at any time to IBTX under the terms of the Loan Documents, or that are incurred as a result of the Case, may be charged by IBTX to the Debtor and shall be promptly paid by the Debtor, irrespective of whether included within the Budget, subject to the following procedure (the "**Lender Fee Procedure**"):

(i) For each professional of IBTX whose fees, costs and expenses IBTX seeks payment, IBTX will provide summary invoices or billing statements of such professional, evidencing the services rendered, with time summaries by individual, and expenses for which reimbursement is sought, to counsel for the Debtor, counsel for the Committee (if applicable), and the U.S. Trustee, provided that such invoices or billing statements may be redacted, as deemed necessary, to protect against the disclosure of privileged information, and in any event shall retain all privileges irrespective of any disclosure of any privileged matter, and any such disclosure shall be deemed inadvertent for all purposes and deemed stricken from any record in this Case or otherwise;

(ii) counsel for the Debtor, counsel for any Committee (if applicable), and the U.S. Trustee shall have twenty-one (21) calendar days upon receipt to review such invoices/statements and, unless an objection to same is delivered to IBTX and filed with the Court by the end of such 21-day period, such invoices/statements shall be promptly paid by the Debtor; and

(iii) in the event of any objection, any fees/expenses not objected to shall be paid with the objected portion of such invoices/statements subject to review by the Court under the provisions of Section 506(b) of the Bankruptcy Code.

47. Any post-petition Lender Fees of IBTX paid pursuant to the foregoing Lender Fee Procedure shall be deemed allowed without further order of this Court; *provided, however*, that (i) should the Court hereafter determine by final, non-appealable order that the Pre-Petition Claim is under-secured, then all such post-petition Lender Fees paid shall be deemed reallocated towards payment of the Pre-Petition Claim; and (ii) notwithstanding the provisions of Paragraph

46 of this Second Interim Order, the maximum amount of Lender Fees that the Debtor is authorized to pay on a monthly basis pursuant to the Lender Fee Procedure shall be \$40,500. Moreover, should IBTX ever assert in a pleading filed in the Case that the Pre-Petition Claim is under-secured, then upon the filing of such pleading and until such time as such pleading is withdrawn or the Court rules that the Pre-Petition Claim is over-secured, the provisions of Paragraph 46 of this Second Interim Order shall be suspended and inapplicable.

Professional Fees and Expense of Case Professionals

48. Subject to court approval of the Debtor's employment of Cooper & Scully, P.C. ("C&S") as counsel for the Debtor in the Case, IBTX hereby consents to C&S retaining any retainer held as of the Petition Date (provided that such retainer is used first for payment of allowed fees and expenses). IBTX further consents to a carve out of its Collateral interests for the payment of professional fees and expenses of C&S (subject to court approval of the employment), any other professionals employed by the Debtor with court approval, and any professionals (if any) employed by the Committee (if one is appointed) (collectively, the "**Case Professionals**") as set forth in the Budget irrespective of the period in the Budget which they are forecast, and only so long as such fees and expenses are incurred and earned prior to IBTX's delivery of a written notice of an Event of Default to counsel for the Debtor and counsel for the Committee (if applicable); *provided that*, subsequent to IBTX's delivery of a written notice of an Event of Default, there shall be an aggregate amount not to exceed \$25,000 as additional carve-out funds, subject to any other terms and conditions of this Second Interim Order and the engagement agreements and appurtenant orders for the employment of such Case Professionals (the "**Carve-Out**").

49. Other than the \$25,000 Carve-Out set forth above, IBTX does not consent to a carve-out of its Collateral interests for payment of any fees and expenses of Case Professionals following IBTX's delivery of a written notice of an Event of Default to counsel for the Debtor and counsel for the Committee (if applicable). Except as set forth above, IBTX does not consent to a carve-out of its Collateral interests for the payment of any of the Case Professionals from the Cash Collateral.

50. The Case Professionals shall be required to exhaust and apply any retainers held prior to seeking subsequent payment from funds that constitute IBTX's Collateral. Any and all payments of fees and expenses to any Case Professional or any other Court-approved professional shall constitute a decrease in the value of the Collateral for all purposes. Notwithstanding any other provision of this Second Interim Order, all liens, security interests and claims of IBTX shall be subject to the Carve-Out, provided that nothing herein shall waive any right of IBTX to object to any fees or expenses of such Case Professionals as to reasonableness.

51. Notwithstanding the foregoing, and irrespective of the Carve-Out, IBTX does not hereby consent to the use of Cash Collateral for, and unless authorized by order of the Court hereafter entered upon motion, notice and hearing, in no event shall Cash Collateral ever be used for, the payment or reimbursement of any fees, expenses, costs, or disbursements of any of the Case Professionals incurred in connection with the assertion or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense, or contested matter, the purpose of which is to seek any order, judgment, determination, or similar relief (i) invalidating, setting aside, avoiding, or subordinating in whole or in part IBTX's liens and security interests provided by the Loan Documents or this Second Interim Order, (ii) seeking any

monetary damages or asserting a claim against IBXT, or (iii) preventing, hindering, or delaying, whether directly or indirectly, IBTX's assertion, enforcement, or realization upon any Collateral.

Surcharge Protection

52. IBTX has not, and does not hereby, consent to any surcharge of its Collateral for any costs or expenses incurred in administering or liquidating the Collateral or for administering the Case. Except for, and only to the extent of, any increase in the value of the Pre-Petition Collateral from and after the Petition Date, no costs or expenses of administration of the estate, no costs or expenses of administration of the Collateral, and no other costs or expenses of the Debtor or its estate, that have been or may be incurred in the Case, or in any subsequent chapter 7 case of the Debtor or other proceedings or matters related hereto, shall ever be charged against IBTX or the Collateral, pursuant to Bankruptcy Code § 506(c) or otherwise. Further, IBTX expressly reserves the right to contest any matter or proceeding commenced pursuant to Bankruptcy Code § 506(c), and nothing herein is intended to, nor shall it be construed as, suggesting that any such request for surcharge pursuant to Bankruptcy Code § 506(c) will be approved. Subject to the provisions of Paragraph 47 of this Second Interim Order, no obligations incurred or payments or other transfers made by or on behalf of the Debtor or the estate to IBTX pursuant to this Second Interim Order shall be avoidable or recoverable from IBTX under any section of the Bankruptcy Code, or any other federal, state, or other applicable law.

EVENTS OF DEFAULT AND REMEDIES

Events of Default

53. The occurrence of any of the following (a "**Default**") shall constitute an event of default under this Second Interim Order (an "**Event of Default**"), unless such Default is cured within the applicable cure period set forth below in relation to such Default or waived in writing

by IBTX: (i) any violation or breach of any of the terms of this Second Interim Order by the Debtor, unless cured by the Debtor within five (5) calendar days after the date on which IBTX provides written notice of such Default to the Debtor and Debtor's counsel; (ii) conversion of the Case to a proceeding under chapter 7 of the Bankruptcy Code, in relation to which there shall be no cure period; (iii) the appointment of a trustee in the Case, in relation to which there shall be no cure period; (iv) the appointment of an examiner in the Case, in relation to which there shall be no cure period; (v) the dismissal of the Case, in relation to which there shall be no cure period; (vi) the entry of any order modifying, reversing, revoking, staying, rescinding, vacating, or amending this Second Interim Order without the express written consent of IBTX, in relation to which there shall be no cure period; (vii) the confirmation of a plan of reorganization or liquidation that is not acceptable to IBTX, in its sole and absolute discretion, in respect to its treatment of the Pre-Petition Claim, in relation to which there shall be no cure period unless otherwise ordered by the Court; (viii) any other security interest, lien, claim or encumbrance, other than Permitted Liens (as defined in the Credit Agreement), shall be granted in the Collateral which is *pari passu* with or senior to the claims or security interests or liens of IBTX, in relation to which there shall be no cure period; (ix) the entry of an order granting relief from the Automatic Stay to the holder or holders of any security interests or liens in any Collateral, other than IBTX, to permit the pursuit of any judicial or non-judicial transfer or other remedy against the Collateral, in relation to which there shall be no cure period; or (x) any challenge to the extent, validity, priority, or unavailability of IBTX's security interests and liens securing the Pre-Petition Claim is filed, unless such Default is cured within ten (10) calendar days after the date of such filing.

Remedies

54. Immediately upon the occurrence of any Event of Default, and at all times thereafter, and without further act or action by IBTX, or any further notice, hearing, or order of the Court: (i) the Pre-Petition Claim shall be deemed immediately to be accelerated to the extent not already accelerated, and become due and payable for all purposes, rights and remedies, and (ii) other than payment of unpaid Budgeted expense amounts (on a line item basis) accrued and *actually incurred* up through and including the occurrence of the Event of Default and the Carve-Out, the Debtor's authority to use Cash Collateral and any and all obligations of IBTX under this Second Interim Order shall terminate. For the avoidance of doubt, nothing herein is intended to, nor shall it, prevent the Debtor from requesting, upon motion, notice and hearing, Court authorization to use Cash Collateral following an Event of Default.

55. Upon the occurrence of an Event of Default of a type specified in subdivision (i), (ii) or (v) of Paragraph 53 of this Second Interim Order and following ten (10) calendar days from the date on which IBTX provides written notice to the Debtor, Debtor's counsel, counsel for the Committee (if applicable), and the U.S. Trustee of IBTX's intention to pursue remedies under the provisions of this paragraph, unless the Court enters an order in the Case prior to the expiration of such ten (10) calendar day period precluding IBTX from pursuing, in whole or in part, any of the following remedies; and immediately upon the occurrence of an Event of Default of a type specified in subdivision (ix) of Paragraph 53 of this Second Interim Order; and in each case at all times thereafter, without further act or action by IBTX, or any further notice, hearing or order of the Court, the Automatic Stay of Bankruptcy Code § 362 shall be immediately modified and IBTX shall be and is hereby authorized, in its discretion, to take any and all actions and remedies that IBTX may deem appropriate to proceed against, take possession of, protect,

and realize upon the Collateral, and any other property of the estate of the Debtor upon which IBTX may hereafter be granted liens and security interests, to obtain repayment of the Pre-Petition Claim; *provided, however*, that (a) in the case of an Event of Default of a type specified in subdivision (ix) of Paragraph 53 of this Second Interim Order, the Automatic Stay shall be modified only in relation to, and IBTX shall only be authorized to pursue remedies in relation to, that Collateral for which relief from the Automatic Stay has been provided to such other holder or holders of any security interests or liens in such Collateral; and (b) IBTX shall not be obligated to take title to any Collateral in the pursuit of IBTX's rights and remedies.

OTHER TERMS

56. Except as contemplated by the Budget and in the ordinary course of the Debtor's business, the Debtor shall not sell, transfer, lease, encumber, or otherwise dispose of any of the Collateral without the prior written consent of IBTX and order of the Court, after notice and a hearing.

57. The terms of this Second Interim Order, the security interests and liens granted to IBTX pursuant to this Second Interim Order, and the rights of IBTX pursuant to this Second Interim Order with respect to the Collateral, shall not be altered, modified, extended, impaired, or affected in any adverse manner by any plan of reorganization or liquidation without the prior written consent of IBTX.

58. The terms and provisions of this Second Interim Order and any actions taken pursuant hereto, except for the termination of the Debtor's authority to use Cash Collateral, shall survive the entry of any order converting the Case to chapter 7 of the Bankruptcy Code or dismissing the Case. The terms and provisions of this Second Interim Order, as well as the priorities in payment, liens, and security interests granted pursuant to this Second Interim Order,

shall continue in this Case and in any superseding case under the Bankruptcy Code, and such priorities in payment, liens, and security interests shall maintain their priority as provided by this Second Interim Order until the Pre-Petition Claim is indefeasibly paid and satisfied in full by its terms and discharged and IBTX shall have no further obligation or financial accommodation to the Debtor.

59. The provisions of this Second Interim Order shall inure to the benefit of the Debtor and IBTX and they shall be binding upon (i) the Debtor and its respective successors and assigns, including any trustees or other fiduciaries hereafter appointed as legal representatives of the Debtor or with respect to property of the estate of the Debtor, whether under chapter 11 of the Bankruptcy Code, any confirmed plan, or any subsequent chapter 7 case, and (ii) all creditors of the Debtor and other parties in interest.

60. If any of the provisions of this Second Interim Order are hereafter modified, vacated, or stayed without the prior written consent of IBTX, such modification, vacation, or stay shall not affect (i) the validity of the obligation, indebtedness or liability incurred by the Debtor to IBTX before the effective date of such modification, vacation or stay, or (ii) the validity or enforceability of any security interest, lien, priority or other protection authorized, created, or confirmed hereby. Notwithstanding any such modification, vacation, or stay, any indebtedness, obligation, or liabilities incurred by the Debtor to IBTX before the effective date of such modification, vacation or stay shall be governed in all respects by the original provisions of this Second Interim Order, and IBTX shall be entitled to all the rights, remedies, privileges, and benefits granted herein with respect to all such indebtedness, obligations or liabilities.

61. No approval, agreement, or consent requested of IBTX by the Debtor pursuant to the terms of this Second Interim Order or otherwise shall be inferred from any action, inaction,

or acquiescence of IBTX other than in a writing signed by IBTX expressly reflecting such approval, agreement or consent, without limitation. Nothing herein shall in any way affect the rights of IBTX as to any non-Debtor entity, without limitation.

62. Nothing herein shall be deemed or construed to preclude, waive, limit, or modify the rights of IBTX to obtain any further adequate protection and other statutory protections for the use of the Collateral and Cash Collateral, to seek relief from the Automatic Stay of Bankruptcy Code § 362, or to seek any other relief in this Case in accordance with any provision of the Bankruptcy Code or applicable law, and nothing herein shall be deemed or construed as an election of remedies on the part of IBTX.

63. This Second Interim Order, and the findings of fact and conclusions of law contained herein, shall be effective immediately upon entry of this Second Interim Order by the Court. To the extent any findings may constitute conclusions, and vice versa, they are hereby deemed as such.

64. The Court hereby expressly retains jurisdiction over all persons and entities, co-extensive with the powers granted to the United States Bankruptcy Court under the Bankruptcy Code, to enforce the terms of this Second Interim Order and to adjudicate any and all disputes in connection therewith.

RESERVATION OF RIGHTS/DEADLINE TO ACT

65. The Debtor and the Committee (if appointed) (or any other party in interest if a Committee is not appointed), provided that the Committee (or such other party in interest) has obtained authority from the Court to act on behalf of the Debtor/the estate, shall have ninety (90) days from the Petition Date (the “**Challenge Period**”) to file a complaint pursuant to Bankruptcy Rule 7001 asserting a claim or cause of action arising out of the Loan Documents or otherwise

challenging the extent, priority, validity, perfection, amount, or allowability of IBTX's claims or security interests or liens arising out of or related to the Loan Documents or the transactions related thereto (a "**Lender Action**"). If no such Lender Action is commenced within the Challenge Period, all provisions with respect to the validity, enforceability, extent and priority of IBTX's claims and interests, of any nature, as contained in the Loan Documents or otherwise incorporated or set forth in this Second Interim Order shall be of full force and effect and forever binding upon the Debtor, the Debtor's estate, and all parties in interest in the Case.

NOTICE

66. Debtor's counsel shall serve a copy of this Second Interim Order on all of the following parties: (i) the Office of the U.S. Trustee; (ii) all creditors known to the Debtor who have or may assert liens or security interests against the Debtor's or the estate's assets, including any applicable governmental entities; (iii) the United States Internal Revenue Service; (iv) the twenty (20) largest unsecured creditors of the Debtor; (v) counsel for the Committee (if applicable); and (vi) all other parties in interest who have filed a notice of appearance or upon whom service must be effected under the Bankruptcy Rules or the Local Rules of this Court.

67. Any notice, objection, report, or other document permitted or required to be given under the terms of this Second Interim Order shall be deemed given (i) immediately upon its electronic transmission, in the absence of receipt of electronic notice of failed transmission, if sent by electronic transmission to the email address specified below (if applicable), (ii) upon confirmation of its facsimile transmission, if sent by facsimile transmission to the facsimile number specified below (if applicable), (iii) upon confirmation of delivery by the third-party courier, if sent by third-party courier to the physical address specified below, or (iv) upon the

third calendar day following deposit with the U.S. Postal Service, if sent by United States mail, postage prepaid, to the physical address specified below:

If to the Debtor, to:

Ginger Oil Company
Attn: Hans G. Blixt
26310 Oak Ridge Drive, Suite G-7
Spring, TX 77380-1963
Email: hblixt@gingeroil.com

If to Debtor's counsel, to:

Cooper & Scully, P.C.
Attn: Julie M. Koenig
815 Walker St., Suite 1040
Houston, TX 77002-5776
Email: julie.koenig@cooperscully.com

If to IBTX, to:

Independent Bank
Attn: John Davis
2100 McKinney Avenue, Suite 1200
Dallas, TX 75201
Facsimile: 214.740.9400

with a copy contemporaneously provided to:

Munsch Hardt Kopf & Harr, P.C.
Attn: E. Lee Morris
500 N. Akard Street, Suite 3800
Dallas, TX 75201-6659
Email: lmorris@munsch.com

If to the United States Trustee, to:

Office of the United States Trustee
Attn: Nancy L. Holley
515 Rusk Avenue, Suite 3516
Houston, TX 7002
Email: nancy.holley@usdoj.gov

EXPIRATION DATE/MATURITY

68. IBTX's consent to the use of, and the Debtor's authority to use, Cash Collateral under this Second Interim Order, subject to the Budget and Budget limitations above and all adequate protection and other terms and provisions hereunder, shall be effective as of the Petition Date and extend to and including the earlier of: (a) the date of IBTX's provision of written notice of the occurrence of an Event of Default to the Debtor and Debtor's counsel; or (b) April 27, 2016, at 3:30 p.m. (prevailing Central Time) (the "**Expiration Date**").

CONTINUED FINAL HEARING

69. The Final Hearing is hereby continued to, and a follow-up hearing shall be conducted on, **April 27, 2016, at 3:30 p.m. (prevailing Central Time)**, in the Bob Casey

Federal Building, Courtroom No. 404, 515 Rusk Avenue, Houston, Texas 77002 (the “Continued Final Hearing”). At the Continued Final Hearing, the Debtor is required to demonstrate a reasonable strategy for saving the Debtor’s assets in order to continue the use of Cash Collateral.

70. This Second Interim Order shall be immediately effective and enforceable, notwithstanding the possible application of Bankruptcy Rules 6004(h), 7062, 9014, or otherwise.

Signed:

March 03, 2016


Marvin Isgur
United States Bankruptcy Judge

Agreed as to Form and Substance By:

COOPER & SCULLY, PC

815 Walker, Suite 1040
Houston, Texas 77002
Telephone: 713.236.6800
Facsimile: 713.236.6880

By: /s/ Julie M. Koenig*

Julie M. Koenig (TBN 14217300)

* with permission ELM

Attorneys for the Debtor

MUNSCH HARDT KOPF & HARR, P.C.

500 N. Akard Street, Suite 3800
Dallas, Texas 75201-6659
Telephone: 214.855.7500
Facsimile: 214.855.7584

By: /s/ E. Lee Morris

E. Lee Morris (TBN 00788079)

Attorneys for Independent Bank

EXHIBIT A
(Budget)

Business income and expenses

Oil Pricing	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40	\$29.40
Assumed average net price per barrel													

PART A - GROSS BUSINESS INCOME FOR PREVIOUS 12 MONTHS:

1 Gross income for 12 Months Prior to filing:	\$	1,257,019.00
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BP Energy - liquidation of hedge contracts account:	\$455,000.00	\$414,500.00	\$374,000.00	\$333,500.00	\$293,000.00	\$252,500.00	\$212,000.00	\$171,500.00	\$131,000.00	\$90,500.00	\$50,000.00
Budgeted drawdown of hedge amount	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00	\$40,500.00

PART B - ESTIMATED AVERAGE FUTURE GROSS MONTHLY INCOME:

	12/mo average	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan
2 Gross Monthly Income (production income plus budgeted amount):	\$	91,133.29	\$122,897.89	\$88,245.60	\$88,245.60	\$88,245.60	\$88,245.60	\$88,245.60	\$88,245.60	\$88,245.60	\$88,245.60	\$88,245.60	\$88,245.60

PART C - ESTIMATED AVERAGE FUTURE MONTHLY EXPENSES:

3 Net Employee Payroll:	\$	18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00
4 Payroll Taxes:	\$	1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00	\$1,660.00
5 Unemployment Taxes:	\$	312.00	\$312.00	\$312.00	\$312.00	\$312.00	\$312.00	\$312.00	\$312.00	\$312.00	\$312.00	\$312.00	\$312.00
6 Worker's Compensation:	\$	208.33	\$0.00	\$2,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7 Other Taxes:	\$	14.30	\$14.30	\$14.30	\$14.30	\$14.30	\$14.30	\$14.30	\$14.30	\$14.30	\$14.30	\$14.30	\$14.30
8 Inventory Purchases:	\$	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9 Purchase of Feed/Fertilizer/Seed/Spray:	\$	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10 Rent:	\$	1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00	\$1,920.00
11 Utilities:	\$	254.75	\$254.75	\$254.75	\$254.75	\$254.75	\$254.75	\$254.75	\$254.75	\$254.75	\$254.75	\$254.75	\$254.75
12 Office Expenses and Supplies:	\$	1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00	\$1,745.00
13 Repairs and Maintenance:	\$	100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
14 Vehicle Expenses:	\$	500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
15 Travel and Entertainment:	\$	800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
16 Equipment Rental and Leases:	\$	296.01	\$296.01	\$296.01	\$296.01	\$296.01	\$296.01	\$296.01	\$296.01	\$296.01	\$296.01	\$296.01	\$296.01
17 Legal/Accounting/Other Professional Fees:	\$	2,000.00	\$0.00	\$2,500.00	\$6,500.00	\$2,000.00	\$1,625.00	\$1,625.00	\$1,625.00	\$1,625.00	\$1,625.00	\$1,625.00	\$1,625.00
18 Insurance:	\$	1,733.51	\$7,219.00	\$1,143.92	\$143.92	\$11,143.92	\$143.92	\$143.92	\$143.92	\$143.92	\$143.92	\$143.92	\$143.92
19 Employee Benefits (e.g., pension, medical, etc.):	\$	7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12	\$7,789.12
20 Payments to be made Directly by Debtor to Secured Creditors for Pre-Petition Business Debts (Specify):													
Interest payment to Independent Bank	\$	11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00	\$11,067.00
21 Other (Specify):													
Producing Wells' Joint Interest Expense Billing	\$	20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90	\$20,014.90
Contingency for well workovers plus well and lease capital costs	\$	17,947.92	\$0.00	\$11,375.00	\$44,000.00	\$0.00	\$10,000.00	\$40,000.00	\$20,000.00	\$0.00	\$60,000.00	\$30,000.00	\$0.00
Prospect Sales and Marketing; Lead Development; Professional meetings	\$	400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
22 US Trustee's Fees			\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00
23 Total Monthly Expenses	\$	87,412.84	\$72,742.08	\$83,042.00	\$116,167.00	\$78,667.00	\$77,292.00	\$107,292.00	\$87,292.00	\$67,292.00	\$127,292.00	\$97,292.00	\$67,292.00

PART D - ESTIMATED AVERAGE NET MONTHLY INCOME:

24 AVERAGE NET MONTHLY INCOME:	\$	3,720.45	\$50,155.81	\$5,203.60	\$27,921.40	\$9,578.60	\$10,953.60	\$19,046.40	\$953.60	\$20,953.60	\$39,046.40	\$9,046.40	\$20,953.60
25 Cash Carryforward			\$50,155.81	\$55,359.40	\$27,438.00	\$37,016.59	\$47,970.19	\$28,923.79	\$29,877.38	\$50,830.98	\$11,784.57	\$2,738.17	\$23,691.76

FOOTNOTES:

- (F1) March includes participation in an exercise of a lease option approved by working interest partners Feb 10.
- (F2) May includes \$11,000 worth of well control insurance which may be required by the order and/or US Trustee. Alternatively, GOC may elect coverage under operators' insurance policies.
- (F3) November reflects an election to sell down half of GOC's interest in one exploratory well, if required for budgeting considerations.
- (F4) All capital projects related to wells may be deferred by operators or working interest partners due to market conditions. GOC's monthly income may increase due to any such deferral.
- (F5) The realized oil price was estimated to be \$29.40 flat. Price increase or decrease will affect monthly income amounts.