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WELLS FARGO BANK, N.A.,  
a national banking association

7 **UNITED STATES BANKRUPTCY COURT**  
8 **EASTERN DISTRICT OF CALIFORNIA**

9 In re:  
10 SOUTH LAKES DAIRY FARM,  
11 a California general partnership,  
12 Debtor and Debtor-in-Possession.

Chapter 11  
Case No. BK-12-17458  
**[PROPOSED] FINAL STIPULATION  
PURSUANT TO 11 U.S.C. §§ 105, 361,  
362, 363 AND FED. R. BANKR. P.  
4001(B) AND (D) BETWEEN WELLS  
FARGO BANK, NATIONAL  
ASSOCIATION, AND DEBTOR-IN-  
POSSESSION RE (A) INTERIM USE  
OF CASH COLLATERAL AND (B)  
GRANT OF ADEQUATE  
PROTECTION PURSUANT *NUNC  
PRO TUNC* TO THE PETITION DATE**

DATE: October 25, 2012  
TIME: 9:00 a.m.  
PLACE: 2500 Tulare Street, 5<sup>th</sup>  
Floor, Department B,  
Courtroom 12  
Fresno, California  
JUDGE: Honorable W. Richard Lee

21  
22 This proposed stipulation re use of cash collateral (“Stipulation”) is to be entered into by  
23 and between South Lakes Dairy Farm, a California general partnership (“South Lakes Dairy” or  
24 the “Debtor”), and Wells Fargo Bank, N.A., a national banking association (“Wells Fargo”), the  
25 prepetition lender (“Prepetition Lender”) with respect to that certain Credit Agreement dated as  
26 of May 2, 2007 (as amended from time to time, the “Credit Agreement”). The Credit Agreement  
27 is secured by the Prepetition Collateral (defined below). Capitalized terms used herein but not  
28 otherwise defined shall have the meanings given to them in the Credit Agreement. This

1 Stipulation is made with reference to the following facts:

2 **RECITALS**

3 A. On August 30, 2012 (the "Petition Date"), the Debtor filed a voluntary petition for  
4 relief under chapter 11 of the Bankruptcy Code.

5 B. South Lakes Dairy is a general partnership that owns and operates a dairy farm in  
6 Corcoran, California. On the Petition Date, Debtor owned approximately 6,300 milking cows,  
7 1000 dry cows, 700 springers and 5,900 heifers. Additionally, there is feed inventory,  
8 including, but not limited to hay, silage, grains, minerals, and commodities.

9 C. The Prepetition Lender asserts that the Prepetition Lender is the holder of first  
10 priority liens and security interests in substantially all of the Debtor's personal property assets  
11 (the "Prepetition Collateral"), including, but not limited to, all (i) born and unborn livestock and  
12 poultry; (ii) Milk Proceeds (defined below) (iii) inventory, including feed, medicines and other  
13 supplies used or produced in Debtor's farming operations; (iv) farm products including crops;  
14 (v) goods, tools and machinery, including dairy and farming equipment; (vi) rights to payment;  
15 and (vii) products and proceeds of any of the foregoing, including certain assets that constitute  
16 Cash Collateral in the Chapter 11 Case, as set forth in the Credit Agreement and/or the  
17 Prepetition Security Documents. Debtor believes that certain creditors may have senior liens  
18 with respect to specific assets.

19 D. The Prepetition Lender is willing to permit the Debtor to use its Cash Collateral  
20 provided that the Bankruptcy Court approves the terms of this Stipulation and the Debtor  
21 performs its obligations thereunder.

22 **I. THE PREPETITION CREDIT AGREEMENT AND RELATED**  
23 **DOCUMENTS**

24 E. The Debtor, as borrower, and Prepetition Lender are party to the Credit  
25 Agreement, pursuant to which Prepetition Lender originally extended funds under that certain  
26 Revolving Operating Line of Credit Note dated August 15, 2011 in the original principal  
27 amount of \$13,250,000.00 ("Revolving Note") and that certain Term Note dated August 15,  
28 2011 in the original principal amount of \$5,600,000.00 ("Term Note," together with the

1 Revolving Note, the “Notes”). Both Notes matured on November 15, 2011.

2 F. The Debtor also entered into a number of security agreements with the Prepetition  
3 Lender in connection with the issuance of the Notes (each as amended, modified, restated or  
4 supplemented from time to time, the “Prepetition Security Documents”), including:

- 5 1. that certain Continuing Security Agreement Rights to Payment,  
6 dated as of September 8, 2006, by and between Debtor and Wells  
7 Fargo;
- 8 2. that certain Security Agreement Crops, dated as of September 8,  
9 2006, by and between Debtor and Wells Fargo;
- 10 3. that certain Security Agreement Livestock, dated as of September  
11 8, 2006, by and between Debtor and Wells Fargo;
- 12 4. that certain Security Agreement Equipment, dated as of September  
13 8, 2006, by and between Debtor and Wells Fargo;
- 14 5. that certain Continuing Security Agreement Right to Payment and  
15 Inventory, dated as of January 29, 2007, by and between Debtor  
16 and Wells Fargo;
- 17 6. that certain Assignment of Production Base and Pool Quota dated  
18 as of September 8, 2006, whereby Debtor, among others,<sup>1</sup> granted  
19 to Wells Fargo a security interest in their “Production Base and  
20 Pool Quota,” as computed and established by the California  
Department of Agriculture pursuant to its Milk Pooling Plan, for  
all Debtor’s production base and pool quota for fluid milk and  
fluid cream, as described therein (“Milk Proceeds”); and
- 21 7. that certain Notice of Assignment of Security Interest dated as of  
22 September 8, 2006, notifying Dairy Farmers of America that Wells  
23 Fargo, as secured party, has a security interest in all rights to  
24 payment and other proceeds now or at any time thereafter due to  
25 Debtor.

26 G. Pursuant to the Prepetition Security Documents, the Debtor granted to the  
27 Prepetition Lender first priority liens and security interests on substantially all of the Debtor’s  
28 assets, including but not limited to the Debtor’s herd, feed and Milk Proceeds to secure the  
Debtor’s obligations under and in respect of the Credit Agreement, as described more fully in  
the Credit Agreement and Prepetition Security Documents. The Prepetition Lender asserts that  
the Prepetition Lender perfected its security interests in the Prepetition Security Documents by

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<sup>1</sup> Signatories to the Assignment of Production Base and Pool Quota include: (i) Fred Schakel; (ii) Audrey M. Schakel; (iii) Ryan Schakel; (iv) Kristin Schakel; (v) Manual Rodrigues; and (vi) Trisha Rodrigues.

1 filing two UCC-1 financing statement on October 4, 2006 as file nos. 06-7087303953 and 06-  
2 7087312226 (as amended from time to time) with the Office of the Secretary of State of  
3 California.

4 H. Pursuant to that certain Continuing Guaranty dated as of June 15, 2009 and that  
5 certain Partnership, Joint Venture or Association Certificate: Continuing Guaranty dated as of  
6 June 15, 2009, the Schakel Family Partnership L.P. guaranteed any indebtedness of Debtor to  
7 Wells Fargo in an amount or amounts not to exceed at any one time the sum of \$20,300,000.00.  
8 Additionally, pursuant to that certain Continuing Guaranty dated June 15, 2009 executed by  
9 Fred Schakel and that certain Continuing Guaranty dated June 15, 2009 executed by Audrey M.  
10 Schakel, Fred Schakel and Audrey M. Schakel guaranteed any indebtedness of Debtor to Wells  
11 Fargo in an amount or amounts not to exceed at any one time the sum of \$20,300,000.00.

12 I. As of the Petition Date, the total outstanding principal amount of the Notes is  
13 approximately \$16,470,000, plus certain accrued but unpaid interest, fees and expenses in  
14 amounts to be determined.

15 J. Subject in each case to paragraph 12 hereto and 30 days after entry of the  
16 order approving this Stipulation, the Debtor will be deemed to have admitted, stipulated  
17 and agreed:

18 (i) As of the Petition Date, Debtor was indebted and liable  
19 to the Prepetition Lender without objection, defense,  
20 counterclaim or offset of any kind under the Credit  
21 Agreement, and the Prepetition Security Documents,  
22 specifically, (a) under the Credit Agreement, in the aggregate  
23 principal amount of not less than (i) \$16.47 million with respect  
24 to the Notes, and unpaid interest thereon, including the interest  
at the Default Rate, and (b) all other fees, costs and additional  
charges due under the Credit Agreement and the Prepetition  
Security Documents, as the case may be (clauses (a) and (b),  
collectively, the "Prepetition Obligations").

25 (ii) The Prepetition Obligations constitute the legal, valid,  
26 binding and enforceable obligations of the Debtor, enforceable  
27 against the Debtor in accordance with the terms of the Credit  
28 Agreement and Prepetition Security Documents, as the case  
may be (other than in respect of the stay of enforcement  
arising from section 362 of the Bankruptcy Code with respect  
to the Debtor).

1            (iii) Except as may be otherwise provided by operation of  
2            state law or permitted under the Credit Agreement and/or the  
3            Prepetition Security Documents, the Prepetition Lender holds  
4            legal, valid, binding, enforceable, and non-avoidable first-  
5            priority liens on and security interests in all of the Prepetition  
6            Collateral (the "Prepetition Liens"). The respective Prepetition  
7            Liens were granted by the Debtor to the Prepetition Lender for  
8            fair consideration and reasonably equivalent value. The  
9            Prepetition Collateral includes, funds of the Debtor (including  
10           any funds subject to a right of setoff and funds in deposit  
11           accounts subject to Control Agreements), all cash proceeds or  
12           cash equivalents of the Prepetition Collateral, including but  
13           not limited to all Milk Proceeds or personal property including  
14           livestock or poultry, wherever located, whether existing before  
15           or after the commencement of the Chapter 11 Case, which  
16           items constitute cash collateral of the Prepetition Lender  
17           within the meaning of section 363(a) of the Bankruptcy Code  
18           (the "Cash Collateral").

19           (iv) No offsets, challenges, objections, defenses, claims or  
20           counterclaims of any kind or nature to any of the Prepetition  
21           Obligations or the Prepetition Liens exist, and no portion of  
22           the Prepetition Obligations or the Prepetition Liens is subject  
23           to any contest, attack, obligation, recoupment, defense,  
24           counterclaim, offset, subordination, recharacterization,  
25           avoidance or any other claim, cause of action or other  
26           challenge of any nature under the Bankruptcy Code, under  
27           applicable non-bankruptcy law or otherwise. The Debtor does  
28           not have, hereby forever release, and is forever barred from  
             bringing any claims (including, without limitation, claims for  
             subordination, recharacterization, avoidance or other similar  
             claims), counterclaims, causes of action, defenses or setoff  
             rights relating to the Prepetition Obligations, whether arising  
             under the Bankruptcy Code, under applicable non-bankruptcy  
             law or otherwise, against the Prepetition Lender or any of their  
             respective affiliates, subsidiaries, agents, officers, directors,  
             employees and attorneys.

23           K.        By virtue of Prepetition Lender's security interest in the Prepetition Collateral as  
24           set forth above, Prepetition Lender has an interest in the Cash Collateral within the meaning of  
25           Section 363(a) of the Bankruptcy Code. Debtor acknowledges and agrees that any cash or  
26           cash equivalent (or other proceeds) on hand as of the Petition Date or received by Debtor  
27           after the Petition Date that arise from Prepetition Collateral constitute proceeds of the  
28           Prepetition Collateral and are, therefore, part of Cash Collateral within the meaning of

1 **Section 363(a) of the Code subject to the lien of the Prepetition Lender to the full extent of**  
2 **the Prepetition Lender's security interest in such Prepetition Collateral.**

3 L. The availability to the Debtor of sufficient working capital, liquidity and other  
4 financial accommodations are vital to its ability to continue operations and work toward a viable  
5 reorganization plan. The Debtor requires use of cash (which is generated primarily from  
6 operations), including all Cash Collateral, to carry on the operation of its business and to  
7 administer and preserve the value of its assets, including the Prepetition Collateral.

8 M. The preservation and maintenance of the Debtor's business and assets is  
9 necessary to maximize returns for all creditors, and is significant and necessary to a successful  
10 reorganization of the Debtor under Chapter 11 of the Bankruptcy Code. Absent the Debtor's  
11 ability to use Cash Collateral in accordance with the terms hereof, the continued operation of  
12 Debtor's business would not be possible, and irreparable harm to the Debtor, its estate, and its  
13 creditors and equity holders would occur. Authorization to use Cash Collateral is thus (i)  
14 critical to the Debtor's ability to maximize the value of its assets, (ii) in the best interests of the  
15 Debtor and its estates, and (iii) necessary to avoid immediate and irreparable harm to the  
16 Debtor, its creditors, and its assets, businesses, goodwill, reputation and employees.

17 N. The Debtor's use of the Cash Collateral under the terms set forth herein is in the  
18 best interests of the Debtor, its creditors and its estates, and was negotiated at arms-length, in  
19 good faith and pursuant to the Debtor's sound business judgment.

20 O. The Prepetition Lender is willing to permit Debtor to use the Cash Collateral,  
21 subject to the terms of this Stipulation. As such, the Prepetition Lender is entitled, pursuant to  
22 sections 361, 362 and 363 of the Bankruptcy Code, to adequate protection of their interests in  
23 the Prepetition Collateral, including the Cash Collateral, for and to the extent of the use of any  
24 Cash Collateral and any diminution in value of the Prepetition Collateral, resulting from,  
25 without limitation, the use of the Cash Collateral, the use, sale or lease of the Prepetition  
26 Collateral (other than the Cash Collateral) and the imposition of the automatic stay.

1           **NOW, THEREFORE**, for this and other consideration, Debtor and the Prepetition  
2 Lender hereby stipulate and agree to the limited use of the Cash Collateral, subject to Bankruptcy  
3 Court approval, and hereby petition Bankruptcy Court for an Order providing that:

4           1.       Subject to the terms and conditions of this Stipulation, the Debtor may use its  
5 cash, including any Cash Collateral, commencing from the Petition Date through and including  
6 (but not beyond, unless otherwise extended in writing by the Prepetition Lender) January 15,  
7 2012, the date of termination of the use of Cash Collateral under paragraph 13 herein.

8           2.       The "Budget" shall mean the 4-week consolidated cash flow forecast prepared by  
9 Debtor and annexed hereto as Exhibit A, as such cash flow forecast may be amended or  
10 supplemented in accordance with the terms hereof. Compliance with the Budget, subject to  
11 permitted variances set forth below, shall be determined based upon the reporting of the Debtor  
12 that shall be provided on a semi-monthly basis. The Budget may only be amended or  
13 supplemented if the Prepetition Lender gives its prior written consent to a revised 4-week or  
14 longer consolidated cash flow forecast (in the form of the Budget) proposed by the Debtor. The  
15 Debtor shall propose a revised consolidated cash flow forecast (in the form of the Budget) at  
16 least once during the four week period following the Petition Date and, thereafter, at least once  
17 during every four week period commencing from the date the Prepetition Lender consents in  
18 writing to an amended or supplemented Budget; provided that if the Prepetition Lender does not  
19 consent to any such proposed revised consolidated cash flow forecast, the Prepetition Lender or  
20 its financial advisor shall notify (either orally or in writing) Debtor of the elements of the  
21 rejected proposed revised consolidated cash flow forecast that were unacceptable to the  
22 Prepetition Lender and the Budget then in existence (without giving effect to any proposed  
23 revisions, amendments or supplements) shall remain in full force and effect and the Debtor may  
24 continue to use Cash Collateral in accordance with such Budget until the last date covered  
25 thereby, but in no event beyond such date; provided however, that the Debtor may, upon notice,  
26 seek non-consensual use of Cash Collateral for ordinary course operations of the Debtor on an  
27 emergency basis, and the Prepetition Lender hereby reserves all of its rights to contest any such  
28 further use of Cash Collateral.

1           3.       Except as otherwise expressly provided in this Stipulation, Cash Collateral and  
2 any other cash maintained in a deposit account held by the Debtor may be used by the Debtor (a)  
3 during the term of this Stipulation, (b) only for general corporate purposes and working capital  
4 requirements of the Debtor subject to and in accordance with the Budget, (c) in respect of each  
5 disbursement line item in the Budget,<sup>2</sup> in an amount not to exceed the amount specified for  
6 expenditure in such line item; provided, that (i) in any semi-monthly period during the term of  
7 this Stipulation, for any disbursement line item in the Budget during such semi-monthly period,  
8 the Debtor may make disbursements in excess of the amount set forth in the Budget for that  
9 particular disbursement line item so long as the percentage deviation for such line item shall not  
10 exceed five percent (5%) over a 4 week rolling average or fifteen percent (15%) in any single  
11 semi-monthly period; and (ii) any amount not expended in a line item in any semi-monthly  
12 period during the term of this Stipulation may be added to the same line item in the Budget in the  
13 next succeeding semi-monthly period during the term of this Stipulation and may continue to be  
14 rolled forward for the next succeeding four weeks if not expended prior thereto, (d) to make in  
15 accordance with the Budget payments in the ordinary course of business during any cure period  
16 provided in paragraph 13 herein, including, without limitation, payments in respect of payroll  
17 and employee benefit obligations for the Debtor, and (e) to make adequate protection payments  
18 as provided in this Stipulation, all as provided in the Budget.

19           4.       The Debtor is authorized to use Cash Collateral and any other cash to pay the  
20 following costs, fees and expenses (collectively, the "Carve-Out"): (i) the unpaid fees due and  
21 payable to the Clerk of the Court and the Office of the United States Trustee pursuant to 28  
22 U.S.C. § 1930; and (ii) costs, fees and expenses incurred by professionals retained pursuant to  
23 section 327 of the Bankruptcy Code by the Debtor or the Committee, which costs, fees and  
24 expenses in this clause (ii) were provided for and included in the Budget at an amount adjusted  
25 to reflect any Prepetition retainer paid from Borrower to professionals that were incurred and  
26 unpaid from before and until the date of receipt by the Debtor of written notice from the

27 \_\_\_\_\_  
28 <sup>2</sup> The Pre-Petition Lender reserves its right to object to the allowance under the Bankruptcy Code of the fees  
of any of the Debtor's professionals regardless of whether such amount is included in the Budget.



1 Prepetition Lender of the occurrence of an Event of Default (as defined below), and only to the  
2 extent such costs, fees and expenses are allowed by the Court, in an aggregate amount not to  
3 exceed the amounts for such fees and expenses included in the Budget. So long as no Event of  
4 Default has occurred and is continuing, the Debtor shall be permitted to pay compensation and  
5 reimbursement of expenses allowed and payable pursuant to sections 330 and 331 of the  
6 Bankruptcy Code, as the same may be due and payable pursuant to the Budget, and the same  
7 shall not reduce the Carve-Out. Nothing herein shall be construed to impair the ability of any  
8 party to object to the costs, fees or expenses described in the preceding sentence or in clauses (i)  
9 and (ii) above.

10 5. The Prepetition Lender has negotiated in good faith regarding the Debtor's use of  
11 the Prepetition Collateral (including the Cash Collateral) to fund the administration of the  
12 Debtor's estate and continued operation of the Debtor's business. The Prepetition Lender has  
13 agreed to permit the Debtor to use the Prepetition Collateral, including the Cash Collateral,  
14 during the term of this Stipulation, subject to the terms and conditions set forth herein, including  
15 the protections afforded a party acting in "good faith" under section 363(m) of the Bankruptcy  
16 Code. Pursuant and subject to sections 361, 362 and 363 of the Bankruptcy Code, as adequate  
17 protection for the use by the Debtor of the Cash Collateral (on a dollar-for-dollar basis) and any  
18 diminution in value of the Prepetition Collateral in which the Debtor has an interest, including,  
19 without limitation, the use, sale or lease of any other Prepetition Collateral, and the imposition of  
20 the automatic stay pursuant to section 362 of the Bankruptcy Code:

21 a. The Debtor shall pay to the Prepetition Lender, for distribution in accordance with  
22 the Credit Agreement interest on the Prepetition Obligations in the amount of  
23 \$64,168.75 each month<sup>3</sup> and such amounts to be paid on the fifth Business Day of  
24  
25

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26 <sup>3</sup> The Prepetition Lender informed the Debtor that interest was accruing on the Prepetition Obligations at the  
27 Default Rate of Interest. The full monthly payment of interest owed would be \$119,068.75, however, for  
28 purposes of the Stipulation, the Prepetition Lender has agreed that while accruing interest at the Default  
Rate, the Debtor will only be required to pay, on a current basis, the amount identified above. The Debtor  
and the Prepetition Lender have agreed to fully reserve the rights of the Parties with respect to the issue of  
the applicability and/or enforceability of the Default Rate.

1 each calendar month following the Petition Date (the “Adequate Protection  
2 Payments”).<sup>4</sup>

- 3 b. To the extent of any use of Cash Collateral (on a dollar for dollar basis) and any  
4 diminution in value of the Prepetition Collateral in which the Prepetition Lender  
5 has an interest, including, without limitation, diminution in value resulting from  
6 the use, sale or lease of any other Prepetition Collateral, and the imposition of the  
7 automatic stay pursuant to section 362 of the Bankruptcy Code, the Prepetition  
8 Lender is hereby granted valid, binding, enforceable and perfected senior  
9 replacement liens on and security interests in (the “Adequate Protection Liens”)  
10 all property and assets of any kind and nature in which a Debtor has an interest,  
11 whether real or personal, tangible or intangible, wherever located, now owned or  
12 hereafter acquired or arising and all proceeds, products, rents and profits thereof,  
13 including, without limitation, all cash, accounts, chattel paper, deposit accounts,  
14 documents, equipment, general intangibles, instruments, investment property,  
15 letters of credit rights, vehicles, goods, accounts receivable, inventory, cash-in-  
16 advance deposits, real estate, machinery, intellectual property (including  
17 trademarks and trade names), licenses, causes of action, rights to payment,  
18 including milk proceeds, tax refund claims, insurance proceeds and tort claims,  
19 and the proceeds, products, rents and profits of all of the foregoing (all of the  
20 foregoing together with the Prepetition Collateral, the “Postpetition Collateral”).  
21 The Adequate Protection Liens shall have the following priorities without the  
22 Prepetition Lender having to take any other action in order to validate and perfect  
23 the liens and security interests:

24 (i) First Priority On Unencumbered Property. A valid, binding,  
25 continuing, enforceable, fully perfected, non-voidable first priority lien on, and  
26 security interest in, all Postpetition Collateral, including all tangible and  
27 intangible assets of the Debtor and all products and proceeds thereof, whether  
28 existing on or as of the Petition Date or thereafter acquired, that is not subject to  
valid, perfected, non-avoidable and enforceable liens in existence on or as of the  
Petition Date.

(ii) Liens Junior To Certain Existing Liens or Replacement  
Liens. A valid, binding, continuing, enforceable, fully perfected non-voidable  
junior lien on, and security interest in, all Postpetition Collateral, including all  
tangible and intangible assets of the Debtor and all products and proceeds thereof,  
whether now existing or hereafter acquired, that is subject to (x) valid, perfected  
and unavoidable senior liens in existence immediately prior to the Petition Date or  
(y) valid and unavoidable senior liens 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, which prepetition security interests and liens in  
favor of the Prepetition Lender are junior to such valid, perfected and unavoidable  
liens, and (z) adequate protection liens granted pursuant to Bankruptcy Court

<sup>4</sup> The Prepetition Lender asserts that all of the fees and expenses provided for under the Credit Agreement and Prepetition Security Documents are part of the Prepetition Obligations, and the Prepetition Lender reserves the right to seek allowance of and payment of all such fees and expenses.

1 Order with respect to any liens described in subsection (x) or (y) of this  
2 Paragraph.

3 (iii) Liens Senior To Certain Other Liens. The Adequate  
4 Protection Liens shall not be (i) subject or subordinate to (A) any lien or security  
5 interest that is avoided and preserved for the benefit of the Debtor and its estate  
6 under section 551 of the Bankruptcy Code or (B) any liens arising after the  
7 Petition Date, including, without limitation, any liens or security interests granted  
8 in favor of any federal, state, municipal or other governmental unit, commission,  
9 board or court for any liability of the Debtor, or (ii) subordinated to or made *pari*  
10 *passu* with any other lien or security interest under sections 363 or 364 of the  
11 Bankruptcy Code or otherwise.

- 12 c. The Prepetition Lender's rights to adequate protection hereunder shall be further  
13 protected, including superpriority status, to the full extent permitted and provided  
14 for by Section 507(b) of the Bankruptcy Code, to the extent of any use of Cash  
15 Collateral (on a dollar-for-dollar basis) and any diminution in value of the  
16 Prepetition Collateral in which the Debtor has an interest (the "Superpriority  
17 Claims"), which Superpriority Claims shall be payable from, and have recourse  
18 to, all of the Postpetition Collateral and proceeds thereof in accordance with and  
19 as provided for by the Bankruptcy Code.
- 20 d. The Adequate Protection Liens and Superpriority Claims shall, in each case, (i) be  
21 senior and prior to, and prime, the Prepetition Liens and the Prepetition  
22 Obligations, but junior and subject only to (x) the Carve-Out and (y) all other  
23 valid, enforceable, perfected and unavoidable liens on all of the Debtor's assets  
24 and property in existence as of the Petition Date, or duly perfected thereafter,  
25 under section 546(b) of the Bankruptcy Code and (ii) be effective as of the date of  
26 the entry of the Interim Order without any further action by the Debtor or the  
27 Prepetition Lender and without the necessity of the execution, filing or  
28 recordation of any financing statements, security agreements, lien applications or  
other documents.
- e. All of the Prepetition Lender's Cash Collateral shall be deposited and  
maintained at all times in an account in the name of South Lakes Dairy Farm  
which is subject to the "control" of the Prepetition Lender within the meaning of  
the Uniform Commercial Code, and not commingled with any funds upon which  
the Prepetition Lender does not have control, until disbursed in accordance with  
the Budget and this Stipulation, *provided, however*, that Cash Collateral arising  
from or generated as a result of the sale of any of the Prepetition or Postpetition  
Collateral may be deposited in a separate deposit control account subject to terms  
and conditions as agreed in writing by the Prepetition Lender, provided further  
that the purpose of this paragraph is to ensure the perfection of the Prepetition  
Lender's liens on cash in the Debtor's accounts not to create a "lock-box"  
account. The Debtor shall implement a cash management system reasonably  
acceptable to the Prepetition Lender.

1 f. Debtor will provide the Prepetition Lender with monthly accountings of all  
2 Debtor's Prepetition and Postpetition Collateral (defined below), including, but  
3 not limited to, Debtor's herd and feed collateral as well as Milk Proceeds.  
4 Additionally, Debtor consents to monthly inspections of any Prepetition and  
5 Postpetition Collateral, as requested by the Prepetition Lender. Debtor will  
6 further provide the Prepetition Lender with any and all reports or information  
7 required to be provided under the Prepetition Security Documents.

8 6. Nothing contained herein shall prejudice the Prepetition Lender with respect to  
9 any matter, including, without limitation, relief from the automatic stay, appointment of a trustee  
10 or examiner, sale of any or all of the assets of the Debtor, the assumption or rejection of  
11 executory contracts, dismissal or conversion of the Chapter 11 case or requests for additional or  
12 different adequate protection.

13 7. Except as provided below, no proceeds of the Prepetition Collateral, the  
14 Postpetition Collateral or the Cash Collateral shall be used for the purpose of: (a) investigating,  
15 objecting to, challenging or contesting in any manner, or in raising any defenses to, the amount,  
16 validity, extent, perfection, priority or enforceability of the Prepetition Obligations or the  
17 Prepetition Liens (but not including any investigation related thereto which shall be subject to the  
18 limitations set forth below), or any other rights or interest of the Prepetition Lender, including  
19 with respect to the Adequate Protection Liens, or in asserting any claims or causes of action  
20 against the Prepetition Lender, including, without limitation, for lender liability or pursuant to  
21 section 105, 510, 544, 547, 548, 549, 550 or 552 of the Bankruptcy Code, applicable non-  
22 bankruptcy law or otherwise; (b) seeking to modify any of the rights granted to the Prepetition  
23 Lender hereunder; or (c) paying any amount on account of any claims arising before the Petition  
24 Date unless such payments are approved by an order of this Court and are permitted pursuant to  
25 the Budget. **Notwithstanding the foregoing provisions of this paragraph, up to \$20,000 of  
26 Cash Collateral or any other cash maintained from time to time at the Debtor may be used  
27 to pay the allowed fees and expenses of professionals retained by the Debtor or the  
28 Committee incurred directly in connection with investigating (such investigation to be  
conducted by January 11, 2013), but not initiating or prosecuting, any claims or causes of  
action (a) against the Prepetition Lender and (b) with respect to the amount, validity,**

1 extent, perfection, priority or enforceability of the Prepetition Liens or the Prepetition  
2 Obligations, solely, in each case, with respect to the Debtor. The Debtor reserves its rights  
3 to seek by motion to the Bankruptcy Court to use Cash Collateral contrary to this  
4 paragraph 7 on 5 Business Days notice to the Prepetition Lender, provided that all rights of  
5 the Prepetition Lender with respect to any such motion, including, but not limited to, the  
6 right to terminate the use of Cash Collateral, are expressly reserved.

7 8. The Debtor shall not, directly or indirectly, grant any new lien that is otherwise  
8 not permitted by the Credit Agreement or the other Prepetition Security Documents except as  
9 provided by order of the Bankruptcy Court or upon the express written consent of the Prepetition  
10 Lender. Except as provided in the prior sentence, the Debtor shall not be permitted to grant any  
11 liens (including, without limitation, liens with a priority to or *pari passu* with the Prepetition  
12 Liens, the Adequate Protection Liens, or any other liens granted to the Prepetition Lender under  
13 this Stipulation, the Credit Agreement or any of the Prepetition Security Documents).

14 9. In the event that any or all of the provisions of this Stipulation are hereafter  
15 modified, or amended by a subsequent order of this or any other court, no such modification, or  
16 amendment shall affect the validity, enforceability, or priority of any lien, claim, right or  
17 obligation authorized or created hereby (including, without limitation, the Adequate Protection  
18 Payments, the Adequate Protection Liens and the Superpriority Claims). No waiver,  
19 modification, or amendment of any of the provisions hereof shall be effective unless it is set  
20 forth in writing, signed by the parties hereto and approved by this Court.

21 10. The rights and privileges afforded to Prepetition Lender by Bankruptcy Code  
22 sections 105(a), 361, 363(m) and 364(e) shall be fully preserved.

23 11. Subject to paragraph 12 hereof, and 30 days after entry an order, in form  
24 and substance acceptable to the Prepetition Lender, of the Court approving this Final  
25 Stipulation on a final basis (the "Final Order"), the Debtor shall be deemed to have  
26 represented and agreed that to its knowledge and belief, no Claims (defined below) exist  
27 and no facts exist that could give rise to or support any Claims against the Prepetition  
28 Lender. Unless, before 30 days after the entry of the Final Order, the Debtor notifies

1 Prepetition Lender in writing with details of grounds for claims or defenses, the Debtor, by  
2 its execution of this Cash Collateral Stipulation and effective 30 days after entry of the  
3 Final Order, releases and forever discharges, and will cause each of its agents, employees,  
4 directors, officers, attorneys, affiliates, subsidiaries, shareholders, owners, successors and  
5 assigns (each of the Debtor and such additional persons, a "Releasing Party") effective 30  
6 days after entry of the Final Order releasing and forever discharging, the Prepetition  
7 Lender, and each of the Prepetition Lender's agents, direct and indirect shareholders,  
8 employees, directors, officers, attorneys, branches, affiliates, subsidiaries, partners,  
9 successors and assigns (each, a "Released Party"), from all damages, losses, claims,  
10 demands, liabilities, obligations, actions and causes of action whatsoever (collectively  
11 "Claims") that the Releasing Parties or any of them may have or claim to have against any  
12 or all of the Released Parties, in each case whether currently known or unknown or with  
13 respect to which the facts are known (or should have been known), that could give rise to or  
14 support any Claims and of every nature and extent whatsoever on account of or in any way  
15 relating to, arising out of or based upon: (i) the Credit Agreement, any of the Prepetition  
16 Security Documents, or any amendments or waivers under the Credit Agreement, the  
17 Prepetition Security Documents, or the transactions contemplated thereby, or any action or  
18 omission in connection with any of the foregoing, including all such losses or damages of  
19 any kind sustained prior to the execution of this Cash Collateral Stipulation; or (ii) the  
20 respective business relationships among any of the Debtor and the Prepetition Lender. The  
21 Debtor hereby covenants and agrees, and will cause each other Releasing Party to covenant  
22 and agree, that it has not, prior to the date of this Cash Collateral Stipulation, assigned,  
23 and will not thereafter sue any Released Party upon, any Claim released or purported to be  
24 released hereby.

25 12. The stipulations, releases and admissions contained in this Stipulation,  
26 including those set forth in recital paragraph J, shall be binding upon the Debtor, any  
27 subsidiary or affiliate, general partner or partner of the Debtor that may hereafter file for  
28 relief under Chapter 11 of the Bankruptcy Code, and their respective successors and

1 assigns (including any Chapter 7 or Chapter 11 trustee hereinafter appointed or elected for  
2 any of the estates of the Debtor). The stipulations, releases and admissions contained in  
3 recital paragraph J, shall be binding upon all other parties-in-interest, including the  
4 Committee, unless the Committee or any other party-in-interest (other than the Debtor),  
5 duly commences an adversary proceeding on or before January 11, 2013 (the  
6 “Investigation Period”), (x) challenging the validity, enforceability, priority, perfection,  
7 characterization or amount of the Prepetition Obligations or Prepetition Liens or (y)  
8 asserting any claims or causes of action against the Prepetition Lender. If no such  
9 adversary proceeding is duly commenced during the Investigation Period, (i) the claims of  
10 the Prepetition Lender arising from the Prepetition Obligations and the Prepetition Liens  
11 shall constitute allowed claims against each applicable Debtor and shall not be subject to  
12 any contest, objection, recoupment, counterclaim, defense, offset, subordination,  
13 recharacterization, avoidance, or other claim, challenge, or cause of action under the  
14 Bankruptcy Code, applicable non-bankruptcy law, or otherwise and the Prepetition Liens  
15 shall be deemed legal, valid, binding, enforceable, duly perfected, not subject to any  
16 objection, counterclaim, setoff, offset of any kind, subordination, or defense, and such liens  
17 are otherwise unavoidable; and (ii) the Prepetition Lender shall not be subject to any other  
18 or further claims, counterclaims, causes of action or lawsuits by any party-in-interest or  
19 any successor thereto regarding the Prepetition Liens. If any such adversary proceeding is  
20 duly commenced during the Investigation Period, the stipulations and admissions set forth  
21 in recital paragraph J of this Stipulation shall nevertheless remain binding and preclusive  
22 (as provided in the second sentence of this paragraph) on the Committee and on any other  
23 Person or entity, except if such stipulation or admission has been expressly challenged in an  
24 adversary proceeding duly commenced within the Investigation Period, in which event such  
25 exception shall apply only to the extent that a final, non-appealable order finds in favor of  
26 the challenging party. The stipulations and admissions contained in this Stipulation,  
27 including those set forth in recital paragraph J, shall inure to the benefit of the Prepetition  
28 Lender, the Debtor and their respective successors and assigns. Notwithstanding anything

1 **herein to the contrary, the Prepetition Lender, in its sole discretion, may extend the**  
2 **Investigation Period from time to time without further order of this Court.**

3 13. The occurrence of any of the following shall constitute an event of default (each,  
4 an “Event of Default”):

- 5 a. Any transfer, grant or other disposition of monies to an insider(s) (as defined in  
6 11 U.S. C. § 101(31), unless expressly permitted by the Budget (without regard to any  
7 variance provisions of paragraph 2 above);
- 8 b. An order of this Court shall be entered dismissing the Chapter 11 Case,  
9 converting the Debtor’s Chapter 11 Case to one under Chapter 7 of the Bankruptcy Code,  
10 appointing a Chapter 11 trustee in the Chapter 11 Case or the appointment of an examiner  
11 with expanded powers;
- 12 c. An order of this Court shall be entered granting relief from the automatic stay  
13 under section 362 of the Bankruptcy Code that would permit a party in interest other than  
14 the Prepetition Lender to immediately exercise any rights or remedies or consummate a  
15 foreclosure or foreclosures upon any material asset or upon all or any material portion of  
16 the Prepetition Collateral or Postpetition Collateral;
- 17 d. An order of this Court or any other court having jurisdiction to do so shall be  
18 entered amending, supplementing, staying, vacating, reversing, revoking, rescinding or  
19 otherwise modifying this Stipulation (or any of the provisions thereof), without the  
20 express written consent of the Prepetition Lender;
- 21 e. An order of this Court or any other court having jurisdiction to do so shall be  
22 entered that approves any claims for recovery of amounts under section 506(c) of the  
23 Bankruptcy Code or otherwise arising from the preservation or disposition of any  
24 Prepetition Collateral or Postpetition Collateral during the term of this Stipulation,  
25 provided that (i) payments and deposits for the preservation of Prepetition Collateral or  
26 Postpetition Collateral made pursuant to customary first day motions concerning  
27 employee payroll and benefits, critical vendors, utilities and the like and (ii) payments  
28 and deposits made in respect of postpetition preservation of the Prepetition Collateral or  
Postpetition Collateral made in accordance with the Budget shall not result in the  
occurrence of an Event of Default hereunder;
- f. The Interim Order shall cease to be in full force and effect and the Final Order  
shall not have been entered, be in full force and effect and not subject to any stay on or  
before the forty-second (42nd) day following the date of entry of the Interim Order, or the  
Final Order shall cease to be in full force and effect and unstayed;
- g. Five (5) Business Days following delivery to counsel to the Debtor, the  
Committee and the United States Trustee of written notice from the Prepetition Lender of  
the Debtor’s failure to comply with any term or terms of this Stipulation, the Interim Order  
or the Final Order if the failure to comply is not remedied by the Debtor; provided that  
the failure of Debtor to make any payment to the Prepetition Lender for its own account



1 due under this Stipulation within one Business Day of the date when due shall be an  
2 immediate Event of Default;

3 h. The cash expenditures of the Debtor exceed those permitted by the Budget  
4 (subject to the permitted expenditure variances) or this Stipulation without prior written  
5 consent of the Prepetition Lender or there shall at any time be no approved Budget in full  
6 force and effect;

7 i. The Debtor or any of the partners shall seek to, or shall support (in any such case  
8 by way of, inter alia, any motion or other pleading filed with this Court or any other  
9 writing to another party in interest executed by or on behalf of the Debtor) any other  
10 person's motion to disallow or subordinate in whole or in part the Prepetition Lender's  
11 claim in respect of the Prepetition Obligations or Superpriority Claims, or to challenge  
12 the validity, enforceability, perfection or priority of the liens in favor of the Prepetition  
13 Lender (including, without limitation, any Prepetition Liens);

14 j. The partners or any management of the Debtor authorizes a liquidation of the  
15 Debtor's business that is not reasonably expected to result in the payment in full of all of  
16 the Prepetition Obligations and the Superpriority Claims or that the Prepetition Lender  
17 has not provided advance consent to such liquidation;

18 m. The Debtor shall file any pleadings seeking approval of a KERP, KEIP, or any  
19 other employee incentive or retention plan, or file any other pleading pertaining to  
20 employee benefits or compensation without the written consent of the Prepetition Lender;

21 n. The Debtor shall file any pleading seeking, or otherwise consenting to, or shall  
22 otherwise affirmatively act in support of, or affirmatively take any action to acquiesce in,  
23 any other person's motion as to, any of the matters set forth in this paragraph 13; or

24 o. The Debtor shall not have satisfied the Prepetition Obligations and any  
25 obligations outstanding pursuant to this Stipulation, including any Superpriority Claims  
26 on or before March 29, 2013 provided that such date may be extended in the sole  
27 discretion of the Prepetition Lender.

28 Upon the occurrence of an Event of Default and written notice to Debtor and Debtor's  
counsel thereof specifying the termination date (the "Termination Date"), the right to use Cash  
Collateral shall be immediately terminable by Prepetition Lender in its absolute and sole  
discretion; provided, further, that the Prepetition Lender may seek relief from the automatic stay  
on shortened notice; provided, further, that in the event of a termination as a result of this  
paragraph 13, then, upon the occurrence of such event, the Debtor may submit a proposed  
Budget for the liquidation of the Debtor's estates and, if such Budget is approved by the  
Prepetition Lender in its absolute and sole discretion, then this Cash Collateral Stipulation shall

1 be reinstated and all provisions shall be in full force and effect, provided, further that until the  
2 Prepetition Lender provides such consent to such proposed liquidation Budget or if the  
3 Prepetition Lender does not provide its written consent to such proposed liquidation Budget, then  
4 this Cash Collateral Stipulation shall be terminated as provided for in this paragraph 13. For the  
5 avoidance of doubt, nothing in this paragraph 13 shall impair the ability of the Debtor to seek an  
6 order from the Bankruptcy Code permitting the non-consensual use of Cash Collateral, and the  
7 rights of the Prepetition Lender with respect to any such motion are reserved. Termination of the  
8 use of the Prepetition Collateral, including Cash Collateral, authorized herein shall not impair the  
9 continuing effectiveness and enforceability of any other provisions in this Stipulation. All of the  
10 indemnifications and similar provisions in favor of the Prepetition Lender set forth in the Credit  
11 Agreement and Prepetition Security Documents shall continue in full force and effect in respect  
12 of any actions taken by the Prepetition Lender in connection with or as otherwise allowed by this  
13 Stipulation.

14 14. The Prepetition Lender is hereby authorized, but not required, to file or record  
15 financing statements, trademark filings, copyright filings, mortgages, notices of lien, or similar  
16 instruments in any jurisdiction, or take possession of or control over, or take any other action in  
17 order to validate and perfect the liens and security interests granted to it hereunder, including but  
18 not limited to, sending Milk Proceeds and cattle notification letters to appropriate parties, entities  
19 and institutions. Whether the Prepetition Lender shall, in its sole discretion, choose to file or  
20 send such financing statements, trademark filings, copyright filings, mortgages, notices of lien or  
21 similar instruments or notifications, or take possession of or control over, or otherwise confirm  
22 perfection of the liens and security interests granted to it hereunder, such liens and security  
23 interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to  
24 challenge dispute or subordination, at the time and on the date of entry of the Interim Order. A  
25 certified copy of the Interim Order and/or Final Order may, in the discretion of the Prepetition  
26 Lender, be filed with or recorded in filing or recording offices or milk or cattle institutions in  
27 addition to or in lieu of such financing statements, mortgages, notices of lien or similar  
28

1 instruments or notices, and all filing offices are hereby authorized to accept such certified copy  
2 of the Interim Order and/or Final Order for filing, recording or notification.

3 15. Effective upon entry of a Final Order approving this Stipulation, no expenses of  
4 administration (whether incurred during the Chapter 11 Case or any subsequent case) incurred  
5 for the preservation or protection of the Prepetition Collateral or the Postpetition Collateral  
6 incurred while the Debtor are authorized to use such collateral under the Final Order shall be  
7 charged against or recovered from of the Prepetition Collateral or the Postpetition Collateral  
8 pursuant to Bankruptcy Code section 506(c) or any similar principal of law or equity without the  
9 express prior written consent of the Prepetition Lender during the term of this Stipulation,  
10 provided, however, that all the rights of a Chapter 7 Trustee to seek application of 506(c) as well  
11 as any rights of the Prepetition Lender to oppose any such application are expressly preserved.

12 16. Nothing contained in this Stipulation shall be deemed to terminate, modify or  
13 release any obligations of any non-debtor third party liable to the Prepetition Lender with respect  
14 to any Prepetition Obligations or otherwise.

15 17. No rights are intended to be created hereunder for the benefit of any third party or  
16 creditor or any direct or indirect incidental beneficiary except as specifically provided herein.

17 18. If any party in interest objects to this Stipulation and such objection is sustained,  
18 or if Bankruptcy Court does not approve this Stipulation, the Prepetition Lender shall be fully  
19 protected to the extent of Debtor's actual use of the Cash Collateral prior to entry of a Court  
20 Order curtailing or otherwise modifying the provisions of this Stipulation.

21 19. Nothing contained in this Stipulation shall limit, impair or in any way affect  
22 (i) the Prepetition Lender's right at any time to seek relief from the automatic stay to enforce any  
23 of its remedies under the Credit Agreement, the Prepetition Security Documents or applicable  
24 law and (ii) Debtor' right to seek additional use of cash collateral.

25 20. Unless otherwise agreed herein, all of the rights, remedies, benefits and  
26 protections provided to the Prepetition Lender and Debtor under this Stipulation shall survive the  
27 termination of this Stipulation.

28 21. During the term of this Stipulation, Debtor shall provide to the Prepetition Lender,

1 on a monthly basis, with copies of Debtor's operating reports filed with the Office of the United  
2 States Trustee. Debtor shall, at all times, cooperate with the Prepetition Lender and provide  
3 reasonable access to representatives of the Debtor and to all of Debtor's places of business and  
4 operations upon reasonable notice including, but not limited to, any and all locations where  
5 Debtor's books, records and inventory are kept, so that the Prepetition Lender may monitor the  
6 Prepetition Collateral, and otherwise protect its interests. Debtor's officers and employees shall  
7 cooperate with the Prepetition Lender in all reasonable respects regarding any inquiry by the  
8 Prepetition Lender into transactions occurring at any time. All reasonable fees and expenses of  
9 the Prepetition Lender's representatives, auditors, accountants and attorneys shall constitute part  
10 of the Prepetition Lender's allowed secured claim in Debtor's estate to the extent allowed by  
11 Section 506. Debtor agrees and understands that the Prepetition Lender may conduct one (1)  
12 two-day audit each month beginning on the Effective Date and continuing through and including  
13 the Termination Date.

14 22. This Bankruptcy Court shall retain exclusive jurisdiction over the subject matter  
15 of this Stipulation in order to resolve any dispute in connection with the rights and duties  
16 specified hereunder and all parties reserve their respective rights.

17 23. All notices required to or permitted to be given to the Prepetition Lender under  
18 this Stipulation shall be addressed as follows:

19 Wells Fargo Bank, N.A.  
20 Credit Resolution Group  
21 100 W. Washington St., 22<sup>nd</sup> Floor  
22 Phoenix, AZ 85003  
23 MAC S4101-229  
24 Attn: Dave DeCraene  
25 davedecraene@wellsfargo.com

26 With a copy to: Katten Muchin Rosenman LLP  
27 650 Town Center Drive, Suite 700  
28 Costa Mesa, CA 92626-7122  
Attn: Craig A. Barbarosh  
Karen B. Dine  
craig.barbarosh@kattenlaw.com  
karen.dine@kattenlaw.com

1 All notices required to or permitted to be given to Debtor under this Stipulation shall be  
2 addressed as follows:

3 To: South Lakes Dairy Farm  
4 P.O. Box 1017  
5 Tipton, CA 93272

6 With a copy to: Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP  
7 4550 California Avenue  
8 Bakersfield, CA 93309  
9 Attn: Jacob Eaton  
jeaton@KleinLaw.com

10 The above addresses may be changed effective upon receipt of a new address. Any  
11 notice required herein or permitted to be given shall be in writing and be personally served or  
12 sent by facsimile (upon confirmation of receipt) or United States mail and shall be deemed given  
13 when sent or, if mailed, when deposited in the United States mail so long as it is properly  
14 addressed.

15 24. This Stipulation may be executed in original or facsimile signature and in  
16 counterpart copies, and this Stipulation shall be deemed fully executed and effective when all  
17 parties have executed and possess a counterpart, even if no single counterpart contains all  
18 signatures.

19 25. Counsel for the parties have reviewed the *Guidelines for Cash Collateral and*  
20 *Financing Stipulation* for the Eastern District of California (“the Guidelines”). Counsel submits  
21 that certain provisions could be considered to be contrary to the Guidelines. In accordance with  
22 the Guidelines, counsel for the Prepetition Lender shall also submit a separate statement  
23 explaining the need for such deviations from the Guidelines and requesting the Court to approve  
24 such provisions.

1 **WHEREFORE**, the parties hereto request that this Court issue an Order approving this  
2 Stipulation.

3 DATED: October \_\_, 2012 KLEIN, DENATALE, GOLDNER,  
4 COOPER, ROSENLIEB & KIMBALL, LLP

5 By: \_\_\_\_\_  
6 [Proposed] General Insolvency Counsel for Debtor  
7 and Debtor-in-Possession  
8

9 DATED: October \_\_, 2012 KATTEN MUCHIN ROSENMAN LLP

10 By: \_\_\_\_\_  
11 Craig Barbarosh, Esq.  
12 Karen Dine, Esq.  
13 Attorneys for Secured Creditor,  
14 Wells Fargo Bank, N.A.

15 **ACKNOWLEDGED AND AGREED:**

16 DATED: October \_\_, 2012 By: \_\_\_\_\_  
17 Fred Schakel

18  
19 DATED: October \_\_, 2012 By: \_\_\_\_\_  
20 Audrey M. Schakel

21 DATED: October \_\_, 2012 By: \_\_\_\_\_  
22 Ryan Schakel

23  
24 DATED: October \_\_, 2012 By: \_\_\_\_\_  
25 Manuel Rodrigues

26 DATED: October \_\_, 2012 By: \_\_\_\_\_  
27 Trisha Rodrigues  
28

PROOF OF SERVICE

STATE OF CALIFORNIA )
)
COUNTY OF ORANGE ) ss.

I, Cindy Gonzales, declare:

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is 2301 Dupont Drive, Suite 300, Irvine, California 92612-7531.

On October 11, 2012, I served the document(s) described as [PROPOSED] FINAL STIPULATION PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363 AND FED. R. BANKR. P. 4001(B) AND (D) BETWEEN WELLS FARGO BANK, NATIONAL ASSOCIATION, AND DEBTOR-IN-POSSESSION RE (A) INTERIM USE OF CASH COLLATERAL AND (B) GRANT OF ADEQUATE PROTECTION PURSUANT NUNC PRO TUNC TO THE PETITION DATE on all interested parties in said action by placing a true copy thereof in a sealed envelope addressed as stated on the ATTACHED SERVICE LIST.

[X] BY MAIL: as follows:

[X] FEDERAL - I deposited such envelope in the U.S. Mail at Irvine, California, with postage thereon fully prepaid.

[ ] BY EXPRESS MAIL as follows: I caused such envelope to be deposited in the U.S. Mail at Irvine, California. The envelope was mailed with Express Mail postage thereon fully prepaid.

[ ] BY CERTIFIED MAIL as follows: I am "readily familiar" with Wolfe & Wyman LLP's practice for the collection and processing of correspondence for mailing with the United States Postal Service; such envelope will be deposited with the United States Postal Service on the above date in the ordinary course of business at the business address shown above; and such envelope was placed for collection and mailing, by Certified United States Mail, Return Receipt Requested, on the above date according to Wolfe & Wyman LLP's ordinary business practice.

[ ] BY PERSONAL SERVICE as follows: I caused a copy of such document(s) to be delivered by hand to the offices of the addressee between the hours of 9:00 A.M. and 5:00 P.M.

[ ] BY OVERNIGHT COURIER SERVICE as follows: I caused such envelope to be delivered by overnight courier service to the offices of the addressee. The envelope was deposited in or with a facility regularly maintained by the overnight courier service with delivery fees paid or provided for.

[ ] BY FACSIMILE as follows: I caused such documents to be transmitted to the telephone number of the addressee listed on the attached service list, by use of facsimile machine telephone number. The facsimile machine used complied with California Rules of Court, Rule 2004 and no error was reported by the machine. Pursuant to California Rules of Court, Rule 2006(d), a transmission record of the transmission was printed.

[X] FEDERAL I declare that I am employed in the offices of a member of the State Bar of this Court at whose direction the service was made.

Executed on October 11, 2012, at Irvine, California.

Cindy Gonzales (handwritten signature)

WOLFE & WYMAN LLP ATTORNEYS & COUNSELORS AT LAW



**SERVICE LIST**  
**U.S. Bankruptcy Court, Case No. 12-17458**  
**In re: South Lakes Dairy Farm**  
**W&W File No. 1515-001**  
**[Revised: 10/11/12]**

Jacob L. Eaton, Esq.  
KLEIN, DENATALE, GOLDNER, COOPER,  
ROSENLIEB & KIMBALL, LLP  
4550 California Avenue, Suite 200  
Bakersfield, CA 93309

Proposed Attorneys for Debtor-in-Possession  
**SOUTH LAKES DAIRY FARM**  
Tel: (661) 395-1000; Fax: (661) 326-0418  
E-Mail: jeaton@kleinlaw.com

U.S. Trustee  
Office of the U.S. Trustee  
United States Courthouse 2500 Tulare Street,  
Room 1401  
Fresno, CA 93721

Robin S. Tubesing  
2500 Tulare St. #1401  
Fresno, CA 93721

**U.S. Trustee August B. Landis**  
Tel: (559) 487-5002

*Creditor Committee*  
**Cal-By Products**  
Attn: Lyle W. Ens  
PO Box 9247  
Fresno, CA 93791-9247

*Creditor Committee*  
**Center for Race, Poverty and the Environment**  
Attn: Caroline Farrell  
1012 Jefferson St.  
Delano, CA 93215

*Creditor Committee*  
**Gillespie Ag Service**  
Attn: Dana Gillespie  
15301 Road 192  
Porterville, CA 93257-8967

*Creditor Committee*  
**Troost Hay Sales**  
Attn: Richard Owens  
400 Carsen Way  
Shafter, CA 93263

**WOLFE & WYMAN LLP**  
ATTORNEYS & COUNSELORS AT LAW





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*Creditor Committee*  
**Western Milling, LLC**  
Attn: Mark LaBounty  
PO Box 1029  
Goshen, CA 93227

Ronald A. Clifford, Esq.  
2 Park Plaza, Suite 400  
Irvine, CA 92614

Attorney for Creditor Committee **OFFICIAL  
COMMITTEE OF UNSICURED  
CREDITORS**

Tel: (949) 260-0611

*Creditor Committee*  
**Pitigliano Farms**  
Attn: Charlie Pitigliano  
PO Box 9  
Tipton, CA 93272

*Creditor Committee*  
**Seley & Company**  
Attn: Michael L. Seley  
1515 Hope St.  
South Pasadena, CA 91030

**WOLFE & WYMAN LLP**  
ATTORNEYS & COUNSELORS AT LAW

