EOD
07/13/2010

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
LUFKIN DIVISION

IN RE:	§	
	§	
SAND HILL FOUNDATION, LLC	§	CASE NO. 10-90209
xx-xxx2704	§	
P.O. Box 1661, Center, TX 75935	§	
	§	
	§	
SAND HILL PANOLA SWD #2 LLC	§	CASE NO. 10-90210
xx-xxx0136	§	
P.O. Box 837, Center, TX 75935	§	
	§	
	§	
SAND HILL PANOLA SWD #5 LLC	§	CASE NO. 10-90211
xx-xxxx0409	§	
P.O. Box 837, Center, TX 75935	§	
	§	**JOINTLY ADMINITERED**
	§	**under 10-90209**
	§	
Debtors	§	Chapter 11

FINAL AGREED ORDER AUTHORIZING
USE OF CASH COLLATERAL

Upon on hearing conducted on July 13, 2010, on the Motion for Interim and Final Order Authorizing the Debtors' Use of Cash Collateral and Scheduling Final Hearing filed on June 1, 2010 (the "Motion"), and upon consideration of the evidence presented therein, and sufficient cause appearing appearing therefore; and

THE COURT HAVING FOUND THAT:

A. This Court has jurisdiction over these proceedings, and over the property affected hereby pursuant to 28 U.S.C §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

B. On June 9, 2010, the United States Trustee has appointed an Official Committee of Unsecured Creditors in the above cases.

C. Use of the Cash Collateral is necessary and essential in order for Debtors to avoid immediate and irreparable harm to their estates pending a final hearing, and as such, entry of this Order is in the best interests of Debtors, their creditors and their respective estates, and is necessary to avoid immediate and irreparable harm to Debtors' estates and their creditors.

D. The relief requested in the Motion is necessary, essential, and appropriate for the continued operation of Debtors' businesses and the management and preservation of their properties.

E. It is in the best interests of Debtors' estates that the Debtors be allowed to use the Cash Collateral in accordance with the terms of this Order.

F. All objections expressed to the relief granted herein have either been resolved or overruled; and

G. On the basis of and consistent with the foregoing findings,

THE COURT HEREBY ORDERS THAT:

1. The Motion is GRANTED.

2. The Debtors are authorized to use the Cash Collateral pursuant to this Order. Except as otherwise expressly provided herein, Cash Collateral may be used solely for the following purposes (the "Authorized Purposes"): to pay those actual, necessary, ordinary course operating expenses (the "Permitted Expenditures") identified in the budget (the "Cash Collateral Budget"), copies of which are annexed to this Order as Exhibit A; except that no sums are authorized to be spent in expense categories for attorneys fees and for debt payments to creditors other than for those authorized in ¶ 3 of this Order until further order of this Court.

3. As adequate Protection for Sabine State Bank & Trust Co.'s interest in the Cash Collateral, from the Debtors' aggregate revenue received from and after the Petition Date, the Debtors shall pay to Sabine State Bank & Trust Co. the non-default fixed payment as provided by a particular Obligation, as the case may be.

4. Under the terms of the Factoring Agreement with Security Agreement (the "Factoring Agreement"), Power Funding, Ltd. purchased certain accounts receivable from Debtor prior to the Petition Date. All proceeds of any Purchased Account (including any commingled and/or identifiable cash proceeds) in the possession of Debtors or received by Debtors is the property of Power Funding, Ltd. and, under the terms of the Factoring Agreement, are held in trust for the benefit of Power Funding, Ltd. Such proceeds are not Cash Collateral and may not be utilized in any fashion by Debtors. Instead, such proceeds should be delivered to Power Funding, Ltd. This Order does not authorize the use of any amount in the Reserve Fund held by Power Funding, Ltd. under the Factoring Agreement.

5. The Debtors hereby grant to Sabine State Bank & Trust Co. and Power Funding, Ltd. replacement security interests and liens (to the extent of and of the same priority as Sabine State Bank & Trust Co.'s and Power Funding, Ltd.'s security interests and liens in and on the Collateral) (the "Post-Petition Liens") on all of the Debtors' now existing and hereafter acquired assets of the same type and category and that Sabine State Bank & Trust Co. and Power Funding, Ltd. had a lien on before the Petition Date, and on all cash and non-cash proceeds of all of the foregoing, but only to the extent and in the priority of Sabine State Bank & Trust Co.'s and Power Funding, Ltd.'s liens on such assets prior to the Petition Date, which Post-Petition Liens shall be deemed to be valid, perfected, non-avoidable and effective from the Petition Date; provided, however, that such Post-Petition Liens shall be limited to the extent that the Debtors use Cash Collateral and to the extent that the value of the Collateral diminishes and shall be

subject to a carveout for professional fees and expenses in the amounts set forth on Exhibit B attached hereto.

6. The Post-Petition Liens granted to Sabine State Bank & Trust Co. and Power Funding, Ltd. pursuant to this Order are perfected by operation of law upon the Court's approval of this Order *nunc pro tunc* to the Petition Date without further action by Sabine State Bank & Trust Co. and Power Funding, Ltd. Sabine State Bank & Trust Co. and Power Funding, Ltd. may, but shall not be required to, file any Uniform Commercial Code financing statements and record any additional documents in any jurisdiction or take any other or further action to validate or perfect the security interests and liens granted to them pursuant to and in accordance with this Order. If Sabine State Bank & Trust Co. and Power Funding, Ltd. deem it necessary or convenient, the Debtors shall execute and deliver to Sabine State Bank & Trust Co. and Power Funding, Ltd., or shall have executed and delivered to Sabine State Bank & Trust Co. and Power Funding, Ltd., all in form and substance satisfactory to Sabine State Bank & Trust Co. and Power Funding, Ltd., any other documents, instruments or writings to evidence the terms of this Order, the use of Cash Collateral and/or Sabine State Bank & Trust Co.'s and Power Funding, Ltd.'s liens and security interests granted hereunder, and Sabine State Bank & Trust Co. and Power Funding, Ltd. may request from time to time the execution and delivery of Uniform Commercial Code financing statements, continuation statements, amendments to financing statements, and any other instruments and/or documents relating to the use of Cash Collateral and/or security interests and liens granted hereunder. The Debtors shall execute all financing statements, amendments and other documents desired by Sabine State Bank & Trust Co. and Power Funding, Ltd. for the perfection of the security interests and liens granted hereunder and the Debtors agree to a lifting of the automatic stay for the limited purpose of carrying out the purposes of this Section. Furthermore, the Debtors irrevocably authorize the filing of a carbon,

photographic or other reproduction of this Order as financing statement, and agree that such filing is sufficient as a financing statement subject to applicable state law.

7. Until the termination of the Debtors' authorization to use Cash Collateral hereunder, Debtors shall:

(a) timely furnish to Sabine State Bank & Trust Co. and Power Funding, Ltd. (i) any and all documentation and reports they request, (ii) monthly operating statements filed by the Debtors in connection with these Chapter 11 cases, and (iii) any documents or information provided to any creditors' committee that may be appointed in these chapter 11 cases;

(b) provide Sabine State Bank & Trust Co. and Power Funding, Ltd. or their designated representatives with reasonable access to Debtors' books and records and to permit them to inspect the Collateral on reasonable telephonic or written notice;

(c) serve Sabine State Bank & Trust Co. and Power Funding, Ltd. with a copy of each monthly report filed by Debtors in these cases as required by the Court, the United States Trustee or applicable law. Until the obligations under the debts owed to Sabine State Bank & Trust Co. and Power Funding, Ltd. have been indefeasibly paid in full, and notwithstanding the expiration of the Specified Period or any earlier termination of Debtors' authorization to use Cash Collateral hereunder, Debtors' shall insure the Collateral in amounts required under the Notes and shall timely pay all taxes which may result in a lien upon the Collateral.

8. Debtors' authorization to use Cash Collateral hereunder shall terminate upon the earlier of the following (each a "Termination Event"):

(a) dismissal of part or all of the Debtors' Chapter 11 cases or conversion of part or all of Debtors' chapter 11 cases or chapter 7 case or the appointment of a chapter 11 or chapter 7 trustee or examiner with enlarged powers and or other responsible person; or

(b) ten (10) days after written notice is received by Debtors of any default in any material respect by Debtors of any material term of this Order, unless such default is specifically waived in writing by Sabine State Bank & Trust Co. and Power Funding, Ltd. or cured by the Debtors.

9. Except as expressly provided herein, termination of Debtors' authorization to use Cash Collateral hereunder shall not impair the continuing effectiveness and enforceability of all other provisions hereof, nor prejudice Debtors' right to seek to use Cash Collateral through the Motion or a further motion filed with the Court or Sabine State Bank & Trust Co.'s and Power Funding, Ltd.'s right to oppose such use.

10. If any or all of the provisions of this Order are hereafter modified, vacated or stayed by subsequent order of this Court or and other court, such stay, modification or vacation shall not affect the validity, perfection, priority or enforceability of any debt owed by Debtors to Sabine State Bank & Trust Co. and Power Funding, Ltd., nor shall it affect the validity or enforceability of any security interest, lien or priority authorized or created hereby, prior to the effective date of such modification, stay, vacation or final order. Notwithstanding such stay, modification or vacation, any rights created hereunder shall be governed in all respects by the original provisions of this Order as of the date it first became effective, and Sabine State Bank & Trust Co. and Power Funding, Ltd. shall be entitled to all rights, privileges and benefits granted herein. The validity and enforceability of all security interests, liens and priorities reaffirmed, authorized or created hereby survive the conversion of these cases to cases under chapter 7 of the Bankruptcy Code and the dismissal of these cases or any such chapter 7 case.

11. The terms, stipulations and provision of this Order shall be binding upon, and shall inure to the benefit of, the respective parties' successors and assigns, including, without

limitation, any trustee appointed in the within cases or in any chapter 7 cases to which the within chapter 11 cases may be converted.

12. Sabine State Bank & Trust Co.'s failure to seek relief or otherwise exercise its rights and remedies under the Loan Documents and/or Security Agreements shall not constitute a waiver of any of Sabine State Bank & Trust Co.'s rights hereunder, thereunder, or otherwise. Likewise, Power Funding, Ltd.'s failure to seek relief or otherwise exercise its rights and remedies under the Factoring Agreement shall not constitute a waiver of Power Funding, Ltd.'s rights hereunder, thereunder, or otherwise. Nothing contained herein shall prejudice, impair or be deemed a waiver of Sabine State Bank & Trust Co.'s or Power Funding, Ltd.'s right to object on any grounds to the entry of the Interim Order or any other Order as the Final Order.

13. Nothing contained herein, nor any obligations and duties of Debtors to Sabine State Bank & Trust Co. and Power Funding, Ltd. provided herein, nor any acts or actions taken, or decisions made by Sabine State Bank & Trust Co. and Power Funding, Ltd. in connection with the review, approval or disapproval of the Cash Collateral Budget or any transaction proposed by Debtors shall be deemed to constitute Sabine State Bank & Trust Co. and Power Funding, Ltd. as a "person in control of the [D]ebtors or an "insider" of the Debtors within the purview of Bankruptcy Code section 101(31).

14. All findings of fact that are more appropriately characterized as decretal provisions or conclusions of law (in whole or in part) will be deemed to be such, vice versa.

15. The Debtors are authorized to perform all acts, to make, execute and deliver all instruments and documents and to pay fees and all other amount which may be required or necessary for their performance under this Order.

16. Notwithstanding Bankruptcy Rule 4001 and 6004(g) (to the extent applicable hereto), this Order shall become effective immediately upon its entry.

17. Service of notice of this Order shall be made by the Clerk of Court to all parties listed on each matrix submitted by the Debtors through the Bankruptcy Noticing Center.

APPROVED AND SO ORDERED

Signed on 07/13/2010

THE HONORABLE BILL PARKER
CHIEF UNITED STATES BANKRUPTCY JUDGE

ACCEPTED AND AGREED TO:

OPPEL, GOLDBERG & WILLIAMS, P.L.L.C.

By: _____
Jeffrey Wells Oppel
TSBN 15291800
1010 Lamar Suite 1420
Houston, TX 77002
713-659-9200
713-659-9300 (Fax)

ATTORNEYS FOR DEBTORS
SAND HILL FOUNDATION, LLC,
SAND HILL PANOLA SWD #2 LLC,
AND SAND HILL PANOLA SWD #5 LLC

SABINE STATE BANK AND TRUST COMPANY

By: _____
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Senior Vice-President & General Counsel
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RITCHESON, LAUFFER & VINCENT, PC

By: _____ JWW by permission
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ATTORNEYS FOR POWER FUNDING, LTD.

SEARCY & SEARCY, P.C.

By: _____
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P.O. Box 3929
Longview, Texas 75606
903-757-3399
903-757-9559

ATTORNEYS FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS

Exhibit A

Sand Hill Foundation LLC
Business Income & Expense
15 day Budget

Current Income: 812,500.00

Estimated average future 15 day expenses

Payroll	$ 152,500.00
Payroll taxes	$ 40,000.00
Unemployment tax	$ 2,500.00
Worker's Comp	$ 10,000.00
Consumables	$ 2,500.00
Utilities	$ 4,150.00
Supplies	$ 10,000.00
Maintenance	$ 80,000.00
Vehicle Expenses	$ 215,000.00
Entertainment	$ 2,500.00
Equipment Rental	$ 55,000.00
Safety Investigator	$ 4,000.00
Insurance/PFS	$ 34,000.00
Employee Benefits	$ 10,000.00
Debt Payments	$ 84,750.00 (Monthly 169,500.00 listed below)

Sabine State Bank	$28,666.51 monthly (14,333.25 on 15 day)
Caterpillar Financial	$51,593.80 monthly (25,796.90 on 15 day)
Komatsu	$16,376.37 monthly (8,188.18 on 15 day)
Ford Credit	$14,607.10 monthly (7,303.55 on 15 day)
Citizens State Bank	$ 4,441.13 monthly (2,220.56 on 15 day)
GE Capital	$ 6,400.19 monthly (3,200.09 on 15 day)
Volvo	$ 1,226.47 monthly (613.23 on 15 day)
Navistar	$ 604.62 monthly (302.31 on 15 day)
Envirovac	$14,757.61 monthly (7,378.80 on 15 day)
CNH Capital	$ 7,067.46 monthly (3,533.73 on 15 day)
Terry Bailey	$ 7,558.29 monthly (3,779.14 on 15 day)
Waukesha Pearce	$16,000.00 monthly (8,000.00 on 15 day)

Other Expenses $86,500.00

Total $793,400.00

Sand Hill Panola SWD #5 LLC
Business Income & Expense

Monthly Budget

Current Income: 132,611.37

Estimated average future monthly expenses

Payroll	$ 31,720.82
Disposals	$ 23,721.89
Parts	$ 1,000.00
Repair and Maintenance	$ 5,000.00
Refunds	$ 1,451.00
Chemicals	$ 12,032.78
Supplies	$ 2,000.00
Utilities	$ 28,652.05
Insurance	$ 893.97
Equipment note	$ 3,994.71
Telephone	$ 70.00
Total	$110,537.22

Sand Hill Panola SWD #2 LLC
Business Income & Expense

Monthly Budget

Current Income: 191,474.43

Estimated average future monthly expenses

Payroll	$22,941.95
Royalties (land lease)	$26,872.48
Debt Payment	$81,281.05
Disposals	$ 5,465.00
Parts	$ 3,457.53
Repair and Maintenance	$ 5,000.00
Refunds	$ 1,762.60
Chemicals	$14,635.93
Supplies	$ 2,000.00
Utilities	$23,697.35
Insurance	$ 1,060.52
Total	$188,174.41

Exhibit B

PROFESSIONAL FEES

Attorney Fees (Oppel)	$15,000/mo. *
Attorney Fees (White-Shaver)	$15,000/mo. *
Attorney Fees (Searcy)	$ 7,500/mo. *
Accountant Fees (Coggin)	$ 1,500/mo. *
Trustee Fees	$ 8,000/mo.

* Subject to Court Approval