

SO ORDERED.

SIGNED this 2nd day of December, 2016.



*Benjamin A. Kahn*

BENJAMIN A. KAHN  
UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA  
WINSTON-SALEM DIVISION

IN RE:	)	
	)	
TARHEEL OIL II, INC. AND	)	CASE NO. 16-50216
GAMBILL OIL, LLC	)	
	)	(Jointly Administered)
Debtors.	)	Chapter 11
	)	

SIXTH INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL, THE  
GRANTING OF ADEQUATE PROTECTION, AND PRESCRIBING NOTICE AND  
TIME FOR FURTHER HEARING

THIS MATTER coming on for hearing before the Court on November 15, 2016, pursuant to § 363 of the Bankruptcy Code and Bankruptcy Rules 4001 and 9014 with respect to the Emergency Motion for Order Authorizing Use of Cash Collateral and Request for an Order Authorizing Use of Cash Collateral and the Granting of Adequate Protection (the “Cash Collateral Motion”) (Doc. 3) filed on March 4, 2016 by Tar Heel Oil II, Inc. (“Tarheel”) and Gambill Oil, LLC (“Gambill”) (collectively the “Debtors”). On March 15, 2016 this Court entered an Interim Order Authorizing Use of Cash Collateral, the Granting of Adequate Protection, and Prescribing Notice and Time for Further Hearing (Doc. 35). Subsequent Orders have been entered authorizing the use of Cash Collateral, with the most recent being the entry of the Fifth Interim Order Authorizing Use of Cash Collateral, the Granting of Adequate Protection, and Prescribing Notice and Time for Further Hearing (Doc. 115) on September 13, 2016. Charles M. Ivey, III and Justin W. Kay appeared on behalf of the Debtors, Robert E. Price appeared on behalf of the Bankruptcy Administrator, Brian Anderson appeared on behalf of Great State Bank, Nan Hannah appeared on behalf of Cary Oil Co. Inc., Dan Bruton appeared on behalf of BLT Investments, LLC, William Kirk appeared on behalf of Yadkin Bank, and JP Cournoyer appeared as the Chapter 11 Trustee.

Having considered the matter set forth in the Cash Collateral Motion, the evidence presented at the hearing, and all arguments of counsel, the Court makes the following FINDINGS OF FACT AND CONCLUSIONS OF LAW:

1. Tarheel filed a voluntary petition under Title 11, Chapter 11 of the United States Bankruptcy Code on March 4, 2016. Gambill filed a voluntary petition under Title 11, Chapter 11 of the United States Bankruptcy Code on March 4, 2016. Each case is pending before this Court. The Debtors continue in possession of their properties and continue to operate and manage their businesses as debtors-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334, and 11 U.S.C. §§1107 and 1108. This is a core proceeding pursuant to 28 U.S.C. §157.

3. On March 15, 2016 this Court entered an Order Granting Motion for Joint Administration, naming the lead case of Tar Heel Oil II, Inc. (Case No. 16-50216).

4. Tarheel is a Corporation organized under the laws of the state of North Carolina, and was formed in August of 2008. Tarheel purchases petroleum from a supplier and causes the same to be shipped to a retail location. Tarheel does not own or operate the retail locations.

5. Gambill is a limited liability company organized under the laws of the state of North Carolina, and was formed in February of 2012. Gambill purchases petroleum from a supplier and causes the same to be shipped to a retail location. Gambill does not own or operate the retail locations.

6. While the Debtors do not own or operate the retail locations, the Debtors do own certain personal property at these retail locations, namely certain pumps, tanks, canopies, cash registers and other tangible personal property. Tarheel estimates its tangible personal property has a liquidation value of approximately \$650,906.00. Gambill estimates its tangible personal property has a liquidation value of approximately \$65,500.00. Attached to the Cash Collateral Motion as Exhibit A was a list of the tangible personal property owned by the Debtors. In addition to the personal property, the Debtors own certain contract rights, namely the contractual rights to supply petroleum products to these retail locations.

7. The Debtors also hold an ownership interest in petroleum products which, as of the petition date, were either (i) in tanks owned by the Debtors and housed at retail locations, or (ii) on trucks being transported to the tanks owned by the Debtors and housed at retail locations. The petroleum products owned by the Debtors as of the petition date constitutes their inventory.

8. The Debtors also hold ownership interests in various accounts. The Debtors' pre-petition activities involved the comingling of funds into a series of bank accounts, such that the Debtors believe that each individual Debtor has claims against some, or all, of the bank account funds. The Debtors also hold ownership interests in various vehicles.

9. On November 13, 2012, Tarheel and Gambill, along with the owners of Tarheel and Gambill (collectively the "Restricted Parties"), entered into a Covenant Not to Compete (the

“Covenant”) with TGEnergy, Inc. (“TGE”). Pursuant to the Covenant, the Restricted Parties agreed not to perform certain business within a fifty (50) mile radius of North Wilkesboro, North Carolina for a time period of ten (10) years. In exchange, TGE agreed to pay to Tarheel the sum of \$500,000.00, payable in yearly installments in the amount of \$50,000.00 per year, paid on the anniversary of the Covenant. \$350,000.00 is left to be paid to Tarheel from TGE on the Covenant. The Restricted Parties other than Tarheel may have certain claims to some, or all, of said proceeds.

10. The Debtors’ schedules reflected that on the Petition Date, (i) Tarheel had inventory totaling \$964,808.97 and accounts receivable of \$1,048,785.00, and (ii) Gambill had inventory totaling \$194,161.83 and accounts receivable of \$194,161.83. However, at the hearing on November 15, the Trustee reported his opinion that the Debtors’ reported inventory and accounts receivable have been substantially overstated throughout this case. This Court makes no factual finding in this Order with respect to value of the Debtor’s inventory and accounts receivable.

### **TARHEEL INDEBTEDNESS**

11. Tarheel pledged its assets as collateral to certain loan agreements, more particularly described below.

12. On June 30, 2015 Tarheel executed a Promissory Note and Security Agreement in the original principal amount of \$250,000.00 for the benefit of Great State Bank (the “Great State LOC PN”), and pledging all of Tarheel’s ownership interest in inventory, accounts, and other rights to payment as collateral. Great State has also claimed a security interest in the Covenant. Great State Bank has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit B was Great State Bank’s UCC Financing Statement.

13. On June 30, 2015 Tarheel executed a second Promissory Note in the principal amount of \$561,000.00 for the benefit of Great State Bank (the “Great State PN”). As collateral for the Great State PN, certain real property not owned or maintained by the Debtors was pledged. These parcels of real property are rented out to tenants and generates income to their owners. The rental income received on these parcels of real property are insufficient to pay the contractual obligations due and owing under the Great State PN in full. The entities that own these parcels of real property and receive the rental income have no contractual obligations to forward these funds to either Tarheel or Gambill. However, as the rental income was insufficient to pay the contractual obligations under the Great State PN, and since Tarheel was indebted to Great State Bank pursuant to the Great State PN, pre-petition the Debtors would receive the rental income and make the contractual payment due and owing to Great State Bank pursuant to the Great State PN. Great State Bank did not take any security interest in any assets of the Debtors as collateral for the Great State PN.

14. Tarheel was indebted to Great State Bank, as of the petition date, in the approximate amount of \$953,000.00 pursuant to the Great State PN and the Great State LOC PN. Approximately \$553,000.00 can be applied to the Great State PN and \$400,000.00 can be applied to the Great State LOC PN. The Debtors allege that Great State holds a first priority security interest in all of Tarheel’s inventory, accounts and other rights to payment on the Great State LOC PN.

15. On December 11, 2012 Tarheel and Gambill executed a Promissory Note in the original principal amount of \$1,265,584.67 for the benefit of Cary Oil Co., Inc. (the "Cary Oil PN"). On even date, Tarheel executed a Security Agreement, pledging all of Tarheel's ownership interest in goods, instruments, chattel paper, books and records, inventory, accounts, accounts receivable, general intangibles and payment intangibles as collateral. Cary Oil has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit C was Cary Oil's UCC Financing Statement. The Cary Oil PN was modified from time to time, most recently on February 1, 2015 when Tarheel executed a Note Modification Agreement jointly with Gambill.

16. Tarheel and Gambill were jointly indebted to Cary Oil, as of the petition date, in the approximate amount of \$1,114,900.00 pursuant to the Cary Oil PN. The Debtors allege that Cary Oil holds a first priority security interest in all of Tarheel's goods, instruments, chattel paper, books and records, and a second priority security interest in all of Tarheel's inventory, accounts and other rights to payment.

17. On (i) November 3, 2008 Tarheel executed a Promissory Note in the principal amount of \$1,087,921.00 in favor of Mountain Oil, Inc., (ii) November 3, 2008 Tarheel executed a Promissory Note in the principal amount of \$486,853.00 in favor of Tar Heel Oil, Inc., (iii) November 3, 2008 Tarheel executed a Promissory Note in the principal amount of \$225,489.00 in favor of Colonial Distributors, Inc., and (iv) November 3, 2008 Tarheel executed a Promissory Note in the principal amount of \$199,737.00 in favor of Hall Petroleum Company, Inc. (collectively the "BLT Notes"). The BLT Notes were acquired by BLT Investments, LLC ("BLT") on November 27, 2012. On June 29, 2015, Tarheel executed a Security Agreement, pledging all of Tarheel's ownership interest in equipment, inventory, accounts, general intangibles and contract rights as collateral. BLT has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit D was BLT's UCC Financing Statement.

18. Tarheel was indebted to BLT, as of the petition date, in the approximate amount of \$1,870,000.00 pursuant to the BLT Notes. The Debtors allege that BLT holds a second priority security interest in all of Tarheel's equipment, and a third priority security interest in all of Tarheel's inventory, accounts and other rights to payment.

19. On February 23, 2012 Tarheel executed a Commercial Promissory Note in the principal amount of \$1,000,000.00 for the benefit of Yadkin Bank, formerly known as Yadkin Valley Bank and Trust Company (the "Yadkin PN"). On even date, Tarheel and Gambill executed a Business Loan Agreement and a Security Agreement, whereby Gambill pledged all of Gambill's ownership interest in equipment, inventory, accounts, general intangibles and contract rights as collateral, among other items. Yadkin Bank, as successor in interest to Yadkin Valley Bank and Trust Company ("Yadkin Bank") has not filed a UCC Financing Statement against Tarheel, but has filed one against Gambill, more particularly described below.

20. Tarheel was indebted to Yadkin Bank, as of the petition date, in the approximate amount of \$816,000.00 pursuant to the Yadkin PN. The Debtors allege that Yadkin Bank holds no security interest in any assets of Tarheel.

21. The Debtors contend that there are no other security interests of record on any of Tarheel's assets, except as set forth herein.

### **GAMBILL INDEBTEDNESS**

22. Gambill pledged its assets as collateral to certain loan agreements, more particularly described below.

23. More particularly described in Paragraphs 19 and 20 above, on February 23, 2012 Gambill executed a Business Loan Agreement, naming itself as hypothecator for the Yadkin PN. On even date Gambill executed a Security Agreement, pledging all of Gambill's ownership interest in equipment, inventory, and accounts, as well as certain vehicles as collateral. Yadkin Bank has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit E was Yadkin Bank's UCC Financing Statement. Additionally, the Debtors allege that Yadkin Bank has properly noted a security interest on the title of a 2008 Nissan Titan, a 2004 Dodge Dakota, and a 2007 Toyota 4-Runner (the "Vehicles").

24. Gambill was not indebted to Yadkin Bank, as of the petition date. Instead, Yadkin Bank holds a security interest in Gambill's assets to collateralize Tarheel's indebtedness. The Debtors allege that Yadkin Bank holds a first priority security interest in all of Gambill's inventory, equipment, accounts and other rights to payment, and a first priority security interest in the Vehicles.

25. On February 23, 2012 Gambill executed a Promissory Note (the "Gambill Oil PN") in the principal amount of \$830,000.00 for the benefit of Gambill Oil Company, Inc. (the "Gambill Oil"), JMG Energy Solutions, Inc. ("JMG") and Jon M. Gambill ("Jon Gambill"). On even date Gambill executed a Security Agreement, pledging all of Gambill's ownership interest in all of its assets as collateral. Gambill Oil has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit F was Gambill Oil's UCC Financing Statement. Jon Gambill has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit G was Jon Gambill's UCC Financing Statement. JMG has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit H was JMG's UCC Financing Statement.

26. Gambill was indebted to Gambill Oil, Jon Gambill and JMG as of the petition date, in the approximate amount of \$684,000.00 pursuant to the Gambill Oil PN. The Debtors allege that Gambill Oil holds a second priority security interest in all of Gambill's assets. The Debtors allege that Jon M. Gambill holds a third priority security interest in all of Gambill's assets. The Debtors allege that JMG holds a fifth priority security interest in all of Gambill's assets.

27. Northwest Property Holdings, LLC ("Northwest") has filed a UCC Financing Statement, claiming a security interest in substantially all of the assets of Gambill. Attached to the Cash Collateral Motion as Exhibit I was Northwest's UCC Financing Statement. The Debtors are unable to locate a Promissory Note evidencing that one, or both, of the Debtors owe any monies to Northwest. Likewise, the Debtors are unable to locate a Security Agreement whereby Gambill

has pledged any assets as collateral for the benefit of Northwest. The Debtors allege that Northwest is an affiliated entity of Gambill Oil, JMG and Jon Gambill, and any indebtedness owed to Northwest would be pursuant to the Gambill Oil PN, or a substantially similar transaction.

28. Northwest is claiming a fourth priority security interest in all of Gambill's assets. The Debtors are unable to ascertain if any monies are owed to Northwest on its alleged fourth priority security interest, and the Debtors are using best efforts to investigate the validity, priority, and enforceability of Northwest's claim.

29. Gambill executed a second Promissory Note in favor of Yadkin Bank (the "Second Yadkin PN"). Simultaneously with the execution of the Second Yadkin PN, Gambill executed a Security Agreement pledging all of Gambill's ownership interest in all of the Debtor's assets as collateral. The Debtors are unable to locate the Second Yadkin PN, or the security agreement pledging Gambill's ownership interest in all of the Debtor's assets as collateral to the Second Yadkin PN. Yadkin Bank has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit J was Yadkin Bank's Second UCC Financing Statement.

30. Gambill was indebted to Yadkin Bank, as of the petition date, in the approximate amount of \$500,000.00 pursuant to the Second Yadkin PN. The Debtors allege that Yadkin Bank holds a sixth priority security interest in all of Gambill's inventory, equipment, accounts and other rights to payment, pursuant to the Second Yadkin PN.

31. As further described in Paragraph 15 above, on December 11, 2012 Tarheel and Gambill executed a Promissory Note in the principal amount of \$1,265,584.67 for the benefit of Cary Oil Co., Inc. (the "Cary Oil PN"). On even date, Gambill executed a Security Agreement, pledging all of Gambill's ownership interest in all of the Debtor's assets as collateral. Cary Oil has filed a UCC Financing Statement, evidencing said security interest. Attached to the Cash Collateral Motion as Exhibit K was Cary Oil's UCC Financing Statement. On February 1, 2015 Tarheel executed a Note Modification Agreement jointly with Gambill.

32. Gambill and Tarheel were jointly indebted to Cary Oil, as of the petition date, in the approximate amount of \$1,114,900.00 pursuant to the Cary Oil PN. The Debtors allege that Cary Oil holds a seventh priority security interest in all of Gambill's inventory, equipment, accounts and other rights to payment.

33. The Debtors contend that there are no other security interests of record on any of Gambill's assets, except as set forth herein.

34. At the time of filing, the Debtors do not have in place any credit facility which would allow for them to borrow funds for the purpose of operation thereby requiring them to use the cash generated from their pre-petition and post petition operations to pay all expenses incurred in the ordinary course of business. The cash on hand, cash generated from accounts receivable through the operation of the Debtors' businesses, cash generated from the Debtors' inventory, cash generated from the use of the Debtors' equipment, and income from the Debtor's business are "Cash Collateral" as that term is defined in 11 U.S.C. §363(a), and the Debtor is restricted from

using the same without either the consent of those parties claiming a secured interest on such cash collateral or Court approval.

35. The use of Cash Collateral is necessary to allow the Debtors to continue operations to provide funds to meet future operational needs including the costs of supplies and inventory, maintenance, taxes, wages and salaries and other normal expenses incurred as a result of the Chapter 11 filings.

36. If the Debtors are not authorized to use Cash Collateral there will be immediate and irreparable harm caused to the Debtors' assets and the Estate.

37. It is in the best interest of the Debtors, the secured creditors and all other creditors and parties-in-interest for the Court to authorize the immediate use of Cash Collateral by the Debtors for the purposes stated herein.

38. The secured creditors' interests in the Cash Collateral authorized to be used by the Debtors pursuant to the terms of this Order will be adequately protected on an interim basis by the adequate protection afforded to the secured creditors pursuant to the provisions of this Order.

Now, upon the Cash Collateral Motion, the record before the Court and sufficient cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. Pending further orders of this Court, the Cash Collateral Motion is GRANTED in part upon the terms and subject to the limitations set forth in this Order.

2. The Debtors shall be authorized to use Cash Collateral pursuant to the budget (the "Budget") attached hereto as Exhibit "A" and incorporated herein by reference through the earliest of (i) the entry of a further order authorizing the use of Cash Collateral; or (ii) the entry of an order terminating the authorization granted hereunder; or (iii) December 13, 2016 (the "Usage Period").

3. The Debtors shall only be authorized to use Cash Collateral for the actual and necessary expenses of operating the Debtors' businesses and maintaining the collateral pursuant to the Budget. The Debtors shall not voluntarily contract for any administrative expense claims other than as set forth in the Budget or authorized by Court order. Unless otherwise authorized by order of the Court, the Debtors shall not use Cash Collateral for payment of any pre-petition indebtedness or obligations of, or pre-petition claims against, the Debtors. Nothing contained herein is intended to provide, or shall be construed to imply, that by inclusion of the Budget as an exhibit hereto, any secured creditor or other party has waived any right to object to any use of Cash Collateral by the Debtors except as otherwise expressly authorized herein. Debtors shall not pay any professional fees unless authorized by further order of the Court.

4. In addition to the existing rights and interests of Great State Bank in the collateral and for the purpose of providing adequate protection for the interests of Great State Bank, Great State Bank is hereby granted, as security for the amount of the collateral used by Tarheel, perfected and enforceable liens to the same extent as Great State Bank's pre-petition liens in its collateral in

and upon the assets and property of Tarheel's bankruptcy estate, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as Great State's pre-petition collateral (the "Post-Petition Great State Collateral"). The liens and security interests granted to Great State Bank pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Tarheel's assets held by Great State Bank as of the Petition Date. Great State Bank shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

5. The security interests and liens herein granted to Great State Bank: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of Great State Bank on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to Great State Bank in an amount equal to the aggregate collateral used or consumed by Tarheel.

6. As additional adequate protection for the interests of Great State Bank, Great State Bank is hereby granted, as security for the amount of the collateral used by Tarheel on or after November 15, 2016, perfected and enforceable liens to the same extent as Great State Bank's pre-petition liens in its collateral in and upon the cash received by Tarheel pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional Great State Collateral"). The liens and security interests granted to Great State Bank in the Transitional Great State Collateral pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Tarheel's assets held by Great State Bank as of the Petition Date. Notwithstanding decretal paragraph 5 or any other provision in this Order, the extent of the liens and security interests granted to Great State Bank in the Transitional Great State Collateral shall not exceed the amount of the collateral used by Tarheel on or after November 15, 2016.

7. In addition to the existing rights and interests of Cary Oil in the collateral and for the purpose of attempting to provide adequate protection for the interests of Cary Oil, Cary Oil is hereby granted, as security for the amount of the collateral used by the Debtors, perfected and enforceable liens to the same extent as Cary Oil's pre-petition liens in its collateral in and upon the assets and property of the respective Debtors' bankruptcy estates, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as Cary Oil's pre-petition collateral (the "Post-Petition Cary Oil Collateral"). The liens and security interests granted to Cary Oil pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in the respective Debtors' assets held by Cary Oil as of the Petition Date. Cary Oil shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

8. The security interests and liens herein granted to Cary Oil: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of Cary Oil on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to Cary Oil in an amount equal to the aggregate collateral used or consumed by the applicable Debtors.

9. As additional adequate protection for the interests of Cary Oil, Cary Oil is hereby granted, as security for the amount of the collateral used by the Debtors on or after November 15, 2016, perfected and enforceable liens to the same extent as Cary Oil's pre-petition liens in its collateral in and upon the cash received by the Debtors pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional Cary Oil Collateral"). The liens and security interests granted to Cary Oil in the Transitional Cary Oil Collateral pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in the Debtors' assets held by Cary Oil as of the Petition Date. Notwithstanding decretal paragraph 8 or any other provision in this Order, the extent of the liens and security interests granted to Cary Oil in the Transitional Great State Collateral shall not exceed the amount of the collateral used by the Debtors on or after November 15, 2016.

10. In addition to the existing rights and interests of BLT in the collateral and for the purpose of attempting to provide adequate protection for the interests of BLT, BLT is hereby granted, as security for the amount of the collateral used by Tarheel, perfected and enforceable liens to the same extent as BLT's pre-petition liens in its collateral in and upon the assets and property of Tarheel's bankruptcy estate, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as BLT's pre-petition collateral (the "Post-Petition BLT Collateral"). The liens and security interests granted to BLT pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Tarheel's assets held by BLT as of the Petition Date. BLT shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

11. The security interests and liens herein granted to BLT: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of BLT on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to BLT in an amount equal to the aggregate collateral used or consumed by Tarheel.

12. As additional adequate protection for the interests of BLT, BLT is hereby granted, as security for the amount of the collateral used by Tarheel on or after November 15, 2016, perfected and enforceable liens to the same extent as BLT's pre-petition liens in its collateral in and upon the cash received by Tarheel pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional BLT Collateral"). The liens and security interests granted to BLT in the Transitional BLT Collateral pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Tarheel's assets held by BLT as of the Petition Date. Notwithstanding decretal paragraph 12 or any other provision in this Order, the extent of the liens and security interests granted to BLT in the Transitional BLT Collateral shall not exceed the amount of the collateral used by Tarheel on or after November 15, 2016.

13. In addition to the existing rights and interests of Yadkin Bank in the collateral and for the purpose of attempting to provide adequate protection for the interests of Yadkin Bank, Yadkin Bank is hereby granted, as security for the amount of the collateral used by Gambill, perfected and enforceable liens to the same extent as Yadkin Bank's pre-petition liens in its collateral in and upon the assets and property of Gambill's bankruptcy estate, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as Yadkin Bank's pre-petition collateral (the "Post-Petition Yadkin Bank Collateral"). The liens and security interests granted to Yadkin Bank pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Yadkin Bank as of the Petition Date. Yadkin Bank shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

14. The security interests and liens herein granted to Yadkin Bank: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of Yadkin Bank on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to Yadkin Bank in an amount equal to the aggregate collateral used or consumed by Gambill.

15. As additional adequate protection for the interests of Yadkin Bank, Yadkin Bank is hereby granted, as security for the amount of the collateral used by Gambill on or after November 15, 2016, perfected and enforceable liens to the same extent as Yadkin Bank's pre-petition liens in its collateral in and upon the cash received by Gambill pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional Yadkin Bank Collateral"). The liens and security interests granted to Yadkin Bank in the Transitional Yadkin Bank Collateral pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Yadkin Bank as of the Petition Date. Notwithstanding decretal paragraph 16 or any other provision in this Order, the extent of the liens and security interests granted to Yadkin Bank in the Transitional Yadkin Bank Collateral shall not exceed the amount of the collateral used by Gambill on or after November 15, 2016.

16. In addition to the existing rights and interests of Gambill Oil in the collateral and for the purpose of attempting to provide adequate protection for the interests of Gambill Oil, Gambill Oil is hereby granted, as security for the amount of the collateral used by Gambill, perfected and enforceable liens to the same extent as Gambill Oil's pre-petition liens in its collateral in and upon the assets and property of Gambill's bankruptcy estate, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as Gambill Oil's pre-petition collateral (the "Post-Petition Gambill Oil Collateral"). The liens and security interests granted to Gambill Oil pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Gambill Oil as of the Petition Date. Gambill Oil shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

17. The security interests and liens herein granted to Gambill Oil: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of Gambill Oil on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to Gambill Oil in an amount equal to the aggregate collateral used or consumed by Gambill.

18. As additional adequate protection for the interests of Gambill Oil, Gambill Oil is hereby granted, as security for the amount of the collateral used by Gambill on or after November 15, 2016, perfected and enforceable liens to the same extent as Gambill Oil's pre-petition liens in its collateral in and upon the cash received by Gambill pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional Gambill Oil Collateral"). The liens and security interests granted to Gambill Oil in the Transitional Gambill Oil Collateral pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Gambill Oil as of the Petition Date. Notwithstanding decretal paragraph 20 or any other provision in this Order, the extent of the liens and security interests granted to Gambill Oil in the Transitional Gambill Oil Collateral shall not exceed the amount of the collateral used by Gambill on or after November 15, 2016.

19. In addition to the existing rights and interests of Jon M. Gambill in the collateral and for the purpose of attempting to provide adequate protection for the interests of Jon M. Gambill, Jon M. Gambill is hereby granted, as security for the amount of the collateral used by Gambill, perfected and enforceable liens to the same extent as Jon M. Gambill's pre-petition liens in its collateral in and upon the assets and property of Gambill's bankruptcy estate, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as Jon M. Gambill's pre-petition collateral (the "Post-Petition Jon M. Gambill Collateral"). The liens and security interests granted to Jon M. Gambill pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Jon M. Gambill as of the Petition Date. Jon M. Gambill shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

20. The security interests and liens herein granted to Jon M. Gambill: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of Jon M. Gambill on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to Jon M. Gambill in an amount equal to the aggregate collateral used or consumed by Gambill.

21. As additional adequate protection for the interests of Jon M. Gambill, Jon M. Gambill is hereby granted, as security for the amount of the collateral used by Gambill on or after November 15, 2016, perfected and enforceable liens to the same extent as Jon M. Gambill's pre-petition liens in its collateral in and upon the cash received by Gambill pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional Jon M. Gambill Collateral"). The liens and security interests granted to Jon M. Gambill in the Transitional Jon M. Gambill Collateral pursuant to the terms of this Order

shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Jon M. Gambill as of the Petition Date. Notwithstanding decretal paragraph 24 or any other provision in this Order, the extent of the liens and security interests granted to Jon M. Gambill in the Transitional Jon M. Gambill Collateral shall not exceed the amount of the collateral used by Gambill on or after November 15, 2016.

22. In addition to the existing rights and interests of Northwest in the collateral and for the purpose of attempting to provide adequate protection for the interests of Northwest, Northwest is hereby granted, as security for the amount of the collateral used by Gambill, perfected and enforceable liens to the same extent as Northwest's pre-petition liens in its collateral in and upon the assets and property of Gambill's bankruptcy estate, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as Northwest's pre-petition collateral (the "Post-Petition Northwest Collateral"). The liens and security interests granted to Northwest pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Northwest as of the Petition Date. Northwest shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

23. The security interests and liens herein granted to Northwest: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of Northwest on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to Northwest in an amount equal to the aggregate collateral used or consumed by Gambill.

24. As additional adequate protection for the interests of Northwest, Northwest is hereby granted, as security for the amount of the collateral used by Gambill on or after November 15, 2016, perfected and enforceable liens to the same extent as Northwest's pre-petition liens in its collateral in and upon the cash received by Gambill pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional Northwest Collateral"). The liens and security interests granted to Northwest in the Transitional Northwest Collateral pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by Northwest as of the Petition Date. Notwithstanding decretal paragraph 28 or any other provision in this Order, the extent of the liens and security interests granted to Northwest in the Transitional Northwest Collateral shall not exceed the amount of the collateral used by Gambill on or after November 15, 2016.

25. In addition to the existing rights and interests of JMG in the collateral and for the purpose of attempting to provide adequate protection for the interests of JMG, JMG is hereby granted, as security for the amount of the collateral used by Gambill, perfected and enforceable liens to the same extent as JMG's pre-petition liens in its collateral in and upon the assets and property of Gambill's bankruptcy estate, whether real or personal and whether acquired prior to or after the Petition Date, which assets are of the same types as JMG's pre-petition collateral (the "Post-Petition Great State Collateral"). The liens and security interests granted to JMG pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and

security interests in Gambill's assets held by JMG as of the Petition Date. JMG shall not be required to file or record financing statements, leasehold deeds of trust or other documents in any jurisdiction or to take any other action in order to validate or perfect the security interests and liens granted to it by this Order.

26. The security interests and liens herein granted to JMG: (i) are and shall be in addition to all security interests, liens and rights of set-off existing in favor of JMG on the Petition Date, if any; and (ii) shall secure the payment of the indebtedness owing to JMG in an amount equal to the aggregate collateral used or consumed by Gambill.

27. As additional adequate protection for the interests of JMG, JMG is hereby granted, as security for the amount of the collateral used by Gambill on or after November 15, 2016, perfected and enforceable liens to the same extent as JMG's pre-petition liens in its collateral in and upon the cash received by Gambill pursuant to that certain Amendment and Modification of Supply Agreement attached to the Sixth Interim Order Granting Authority to Continue to Operate Under Supply Agreement and Notice of Further Hearing [Docket No. 144] (the "Transitional JMG Collateral"). The liens and security interests granted to JMG in the Transitional JMG Collateral pursuant to the terms of this Order shall be of the same priority and to the same extent as the liens and security interests in Gambill's assets held by JMG as of the Petition Date. Notwithstanding decretal paragraph 32 or any other provision in this Order, the extent of the liens and security interests granted to JMG in the Transitional Northwest Collateral shall not exceed the amount of the collateral used by Gambill on or after November 15, 2016.

28. During the period this Interim Order Authorizing Limited Use of Cash Collateral is in effect, the Debtors shall maintain the collateral and Post-Petition Collateral. Such maintenance performed on the collateral and Post-Petition Collateral, in addition to the Adequate Protection and the Adequate Protection Payments described above, is sufficient to adequately protect the secured parties until a further hearing on the Cash Collateral Motion is held.

29. With the exception of the specific additional authority granted in paragraphs 30 through 33 below, during the period this Interim Order Authorizing Limited Use of Cash Collateral is in effect, the Debtors are authorized only to make expenditures that were incurred in the ordinary course of business of the Debtors post-petition, that are necessary to the maintenance and continued operation of the Debtors businesses, and as outlined in Exhibit "A".

30. The Debtors are authorized to pay any and all payments incurred in the ordinary course of business of the Debtors and due and owing to retail location operators for commissions on the sale of petroleum gasoline, with such payments to be accounted for at or before the "Cost of sales includes all freight and taxes" line in Exhibit "A".

31. The Debtors are authorized to exceed any one particular budgeted line item by 10% if, prior to the period the Debtors exceed said line item, the Debtors receive written approval to exceed said line item from Great State Bank, Yadkin Bank, Cary Oil, BLT Investments, and the Bankruptcy Administrator's Office. Notwithstanding the above, under no circumstances may the Debtors exceed the overall budget by more than a total of 110% for any one month without a further Order from this Court.

32. The Debtors are authorized to pay any and all credit card fees that were incurred post-petition in the ordinary course of business of the Debtors and due to be paid between the Petition Date and September 7, 2016.

33. In addition to the expenses outlined in Exhibit "A," the Chapter 11 Trustee is authorized to spend any and all monies necessary to secure a \$1,000,000 bond, and said monies may be paid from Cash Collateral generated from the operations of the Debtors.

34. The Debtors are specifically prohibited from incurring or paying any expense of any non-filing LLC affiliate of any Debtor.

35. If an event of default shall occur, or the Court terminates the Debtors' right to use Cash Collateral, unless otherwise ordered by this Court, the Debtors shall pay all expenses of operation incurred by the Debtors in their normal course of business up through the time of the termination of the Debtors' right to use Cash Collateral, provided that and solely to the extent that such payments are in compliance with the Budget attached and this Order, and the liens granted herein shall be subordinate to a carve out for such expenses, including all fees pursuant to 28 U.S.C. 1930 (the "Trailing Expenses").

36. During the period this Interim Order Authorizing Limited Use of Cash Collateral is in effect, the Debtors shall provide notice to counsel for Great State, BLT, Yadkin Bank, Cary Oil, and the Bankruptcy Administrator's Office, of the cash balance each Debtor has in its bank account. This notice shall be sent via electronic email and shall be sent on or before 5:00 pm on the 15<sup>th</sup> and 30<sup>th</sup> day of each calendar month, and shall contain the cash balance each Debtor has in its bank account as last viewed and accessed by the Debtors, but no less than 24 hours prior to the transmittal of said notice. In the event the 15<sup>th</sup> or 30<sup>th</sup> day of each month falls on a Saturday or Sunday, the notice shall be sent on or before 5:00 pm on the following business day.

37. This Interim Order Authorizing Limited Use of Cash Collateral is without prejudice to the rights of the Debtors to file a Motion, on an expedited basis, seeking either modification of the Debtors' right to use Cash Collateral or seeking authority to incur debt in order to preserve the business affairs of the Debtors, including but not limited to a Motion seeking authority to use some or all monies currently held by Cary Oil as a security deposit. Additionally, this Interim Order Authorizing Limited Use of Cash Collateral is without prejudice to the rights of any creditor, or the Bankruptcy Administrator's Office, to file a Motion, on an expedited basis, seeking either modification of the Debtors' right to use Cash Collateral or seeking the termination of the Debtors' right to use Cash Collateral.

38. Notwithstanding anything herein, nothing contained in this Interim Order shall be construed as determining the extent, validity, and priority of any lien, claim, or interest of any entity, or the value of any asset, and this Order shall be without prejudice to the rights of any party, including, without limitation, any committee appointed in these cases or any trustee hereafter appointed for the estate of any of the Debtors, to object or challenge the validity or priority of the liens and security interests in the Debtors assets or the validity, allowability or status of the prepetition indebtedness.

39. This Interim Order does not prohibit either Debtor from seeking additional authority to use cash collateral, or any party in interest from seeking a modification of the terms hereof, including additional adequate protection, or from bringing a motion to prohibit use of cash collateral or seeking relief from the automatic stay in order to foreclose an interest in such collateral.

40. A further hearing on the Cash Collateral Motion and any objections and responses to the Cash Collateral Motion shall be held and NOTICE OF FURTHER HEARING is hereby given and shall be held at 9:30 a.m. on December 13, 2016, at Courtroom 1 of the United States Bankruptcy Court at 101 S. Edgeworth St., Greensboro, N.C.

41. The findings, conclusions, or orders set forth herein, including but not limited to the value placed on any or all assets of either Debtor, are made on an interim basis, shall not constitute a final decision on any legal or factual issue, and are without prejudice to the right of any party to raise, contest, or seek the same or a different outcome at any subsequent hearing.

[END OF DOCUMENT]

	Nov 15 - 30	
	<u>Tar Heel</u>	
	<u>Gallons</u>	<u>Dollars</u>
<b>Beginning Cash on Hand*</b>		16,562
*excludes \$50,000 escrowed for Non-Compete		
Est. outstanding uncleared checks		(1,600)
<b>Deposited A/R checks to clear</b>		46,117
<b>Product sales</b>	450,000	\$ 29,250
Credit Card Overage Refunds		14,044
Outstanding Bills to HCN		3,863
Trustee Bond		2,500
Bank/BMS fees		300
Professional fees Inc. BR Fee/Tax		-
Rent expense		-
Payroll expense		17,000
Payroll taxes		7,000
Insurance Health/Life/LTD		1,300
Insurance Property		
SS expense		3,000
Environmental		3,000
Vehicle expense		3,000
Utilities - Electric/Water/Fuel Oil		1,000
Phone/Cell Phones		1,300
Copier Lease		
Office Supplies		100
Taxes and licenses		1,600
Cash Register Upgrade		3,000
Shared Expense Allocation		(15,350)
Total Expenses		46,657
<b>Cash provided (used) by operations</b>		<u>(17,407)</u>
<b>Debt service -</b>		
Great State Term Debt		-
Yadkin Term Debt		-
Cary		-
BLT		-
Gambill		-
Gateco		-
Lankford		-
<b>Total debt service</b>		<u>-</u>
<b>Ending Cash On Hand</b>		43,672

EXHIBIT A







Parties to be Served  
16-50216/16-50217

American Express  
World Financial Center, 200 Vesey  
Street  
New York, NY 10285

Blue Cross & Blue Shield of NC  
Corporate Headquarters  
5901 Chapel Hill Road  
Durham, NC 27707

BLT Investments, LLC  
701 Colonial Drive  
North Wilkesboro, NC 28659

Duke Energy  
526 South Church Street  
Charlotte, NC 28202

Burke County Tax Collector  
110 N. Green Street  
Morganton, NC 28680

Lime Energy North Carolina,  
16810 Kenton Drive, Suite 240  
Huntersville, North Carolina 2807

Sprint  
KSOPHT010-Z4300  
6391 Sprint Parkway  
Overland Park, KS 66251-4300

Gambill Oil Company, Inc.  
Northwest Property, LLC  
JMG Energy Solutions, Inc.  
937 Town N. Country Blvd.  
Wilkesboro, NC 28697

Capital One  
Bankruptcy Dept.  
15000 Capital One Drive  
Richmond, VA 23238-1119

Pump Doctors  
3612 George Beam Road  
Shelby, NC 28150

Republic Services  
Tim M. Benter, Officer  
18500 North Allied Way  
Phoenix AZ 85054

Alleghany County Tax Dept.  
County Administration Building  
348 South Main Street  
Sparta, NC 28675

North Carolina Department of Revenue  
501 N Wilmington St  
Raleigh NC 27604

Town of Hildebran  
202 S. Center Street  
Hildebran, NC 28637

Ashe County Tax Collector  
150 Government Circle, Suite 2275  
Jefferson, NC 28640-8963

Caldwell County Tax Collector  
905 West Avenue NW  
Lenoir, NC 28645

North Carolina Department of Revenue  
501 N Wilmington St  
Raleigh NC 27604

Securities & Exchange Commission  
Atlanta Regional Office  
950 East Paces Ferry, N.E. Suite 900  
Atlanta, GA 30326-1382

Catawba County Tax Collector  
100 A SW Blvd.  
Newton, NC 28658

City of Lenoir  
801 W. Avenue NW  
Lenoir, NC 28645

Employment Security Commission  
700 Wade Avenue  
Raleigh, NC 27605

Surry County Tax Collector  
201 E. Kapp Street  
Dobson, NC 27017

Town Of Elkin Tax Collector  
226 N. Bridge Street  
Elkin, NC 28621

Town of Hudson Tax Dept.  
550 Central Street  
Hudson, NC 28638

Town of N. Wilkesboro  
832 Main Street  
North Wilkesboro, NC 28659

Watauga County Tax Administrator  
842 W. King Street  
Suite 21 Courthouse  
Boone, NC 28607

Wilkes County Tax Office  
110 N. Street  
Wilkesboro, NC 28697

Blue Ridge Electric  
1216 Blowing Rock Blvd. NE  
Lenoir, NC 28645-0112

Wilkes Oil Company  
210 Cherry Grove Street  
North Wilkesboro, NC 28659

Internal Revenue Service  
Centralized Insolvency  
2970 Market Street  
Mail Stop 5-Q30.133  
Philadelphia, PA 19104-5016

Principal Life Insurance Company  
711 High Street  
Des Moines, IA 50392

Zebra  
1400 River Street  
Wilkesboro, NC 28697

Petroleum Specialties  
503 Maverick Road  
Kernersville, NC 27284

BELOW WERE SERVED  
VIA EMAIL

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1422 US Highway 421A  
Wilkesboro, NC 28697  
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149 New Value Road  
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