

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA

In re PLYMOUTH OIL COMPANY, L.L.C., Debtor.	Case No. 12-01403 Chapter 11
--	---------------------------------

ORDER PURSUANT TO SECTIONS 105(a), 361 AND 363 OF THE BANKRUPTCY CODE AND FED. R. BANKR. P. 2002, 4001 AND 9014 AUTHORIZING DEBTOR TO USE CASH COLLATERAL

The Debtor, Plymouth Oil Company, L.L.C. (the “Debtor”), having moved the Court for an order pursuant to sections 105(a), 361, and 363 of Title 11 of the United States Code (the “Bankruptcy Code”), Fed. R. Bankr. P. 2002, 4001 and 9014 (the “Motion”)[Docket No. 109]:

1. Authorizing the Debtor to continue to use the cash collateral of Ryan Lake, Steve Vande Brake, Arlon Sandbulte, Dirk Dorn, and Iowa Corn Opportunities, LLC (the “Bridge Lenders”), and of Iowa Prairie Bank, Iowa Corn Processors, L.C., and FWS Industrial Projects, USA Inc. (the Bridge Lenders, together with Iowa Prairie Bank, Iowa Corn Processors, L.C., and FWS Industrial Projects, USA Inc., are collectively referred to herein as the “Secured Creditors”) in order to provide funding for, among other things: (a) the maintenance and preservation of its assets; (b) the continued operation of its business, including employee expenses, current tax obligations and insurance expenses; and (c) professional fees and the United States Trustee fees.

2. Granting the Secured Creditors, pursuant to section 361 of the Bankruptcy Code, adequate protection for the use of Cash Collateral (as that term is defined in section 363(a) of the Bankruptcy Code) and non-cash collateral in the form of (i) Replacement Liens (as defined in the

Motion); and (ii) Adequate Protection Claims (as defined in the Motion); provided, however, that the Replacement Liens and the Adequate Protection Claims shall (i) be subject and subordinate to valid, properly-perfected liens on the Debtor's assets as of the Petition Date and the Carve-Out, and (ii) not extend to the Avoidance Actions or the proceeds thereof;

3. Finding that notice of the Hearing (the "Hearing"), given to (i) counsel to the Secured Creditors, (ii) the Debtor's 20 largest unsecured creditors; (iii) the Office of the United States Trustee and (iv) all parties filing a notice of appearance in the case (collectively, the "Notice Parties"), was good and sufficient under the particular circumstances, pursuant to Bankruptcy Rule 4001(c)(1); and

4. The Hearing on the Motion having been conducted on March 1, 2013, and on March 27, 2013; and upon all of the pleadings filed with the Court and all of the proceedings held before the Court; and upon the record of the Hearing; and all objections to the relief requested in the Motion having been resolved or overruled by the Court; and it appearing that the relief requested in the Motion is in the best interests of the Debtor, its estate and creditors.

Now, upon the full record of this case including, without limitation, the Motion and responses and objections to the Motion; and after due deliberation, and good and sufficient cause appearing therefore, this Court hereby makes the following findings of facts and conclusions of law:

A. Petition. The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on July 23, 2012 (the "Petition Date").

B. Jurisdiction. The Court has jurisdiction over the Chapter 11 case, the parties, and the Debtor's property pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to

28 U.S.C. § 157(b)(2)(D).

C. Purpose and Necessity of Financing. The Debtor requires the use of Cash Collateral as described in the Motion to fund critical operations and the administration of the Chapter 11 case.

D. Good Cause. The Debtor asserts that its ability to use Cash Collateral is vital to the Debtor's estate and its creditors, so that it may fund critical operations and enable the Debtor to administer the Chapter 11 case. The Debtor asserts that the estate will be immediately and irreparably harmed if this Order is not entered and that good cause exists for the entry of this Order.

E. Bridge Lenders' Priority. The Court has stated in prior orders that the Bridge Lenders have a pre-petition first priority security interest in the Debtor's cash, accounts receivable and inventory, among other things.

Based upon the foregoing, it is hereby **ORDERED, ADJUDGED AND DECREED** as follows:

1. Record; Findings. The record in this case, as well as the findings of fact and conclusions of law set forth above, are incorporated herein by this reference.

2. Motion Granted. The Motion is granted. Subject to the terms hereof, this Order is valid immediately and is fully effective as of March 27, 2013, and shall continue through and including June 1, 2013, unless this Court enters a further order extending the Debtor's authorization to use Cash Collateral. The Debtor shall be permitted to use Cash Collateral in accordance with the terms contained herein and in the Motion so long as the Secured Creditors receive adequate protection in the form of the Replacement Liens, the Adequate Protection

Claims, the payments made by the Debtor, and the other accommodations described herein and in the Motion.

3. Grant of Replacement Liens and Adequate Protection Claims. Pursuant to section 361(2) of the Bankruptcy Code, as adequate protection for the use or sale of the Secured Creditors' Cash Collateral and other collateral, to the extent of any diminution in value of the Collateral, the Secured Creditors are hereby granted: (a) security interests and replacement liens in the Secured Creditors' collateral, as described in the pre-petition lending agreements between Debtor and the Secured Creditors and in accordance with the existing priorities between the Secured Creditors, including accounts receivable, contract rights and deposit accounts, to the extent of any and all cash collateral used by the Debtor (the "Replacement Liens"); and (b) allowed administrative claims under sections 503(b)(1), 507(a), and 507(b) of the Bankruptcy Code (the "Adequate Protection Claims") provided, however, that the Replacement Liens and the Adequate Protection Claims shall, (i) be subject and subordinate to the Carve-Out (as defined below), (ii) not extend to claims and causes of action under §§ 544, 545, 546, 547, 548, 549 or 550 of the Bankruptcy Code (the "Avoidance Actions") or the proceeds thereof, and (iii) shall not extend or apply to any products provided by C&N Ethanol Marketing, LLC ("C&N") to the Debtor pursuant to the Feedstock Supply, Off-Take, and Merchandising Agreement between C&N and the Debtor (the "Feedstock Agreement"), or to any finished product produced by the Debtor pursuant to the Feedstock Agreement, until all amounts have been netted following termination or expiration of the Feedstock Agreement.

4. Reporting. The Debtor shall furnish to the Secured Creditors the following: (a) by Wednesday at 5:00 p.m. CDT of each calendar week, weekly cash flow statements for the prior

week demonstrating Borrower's continuing cash position, inventory position and receivables position, as well as current cash balances and location of these balance; and b) by Wednesday at 5:00 p.m. CDT of each calendar week, weekly budgets for rolling four (4) week periods for continuing operations. Such reports shall be accompanied by a certification from the Debtor's Chief Financial Officer indicating that such officer has reviewed the actual cash flow results and current asset amounts shown on the reports, and that such items are true and correct. Additionally, the Bridge Lenders or their authorized representative shall be permitted to speak with Debtor's Chief Financial Officer for the purpose of asking questions about the Debtor's weekly cash flow statements, weekly budget, or Debtor's financial condition. Such conferences shall be scheduled at the request of the Bridge Lenders by Debtor's counsel. Debtor's counsel and counsel for the Bridge Lenders shall be entitled to participate by telephone or in person.

5. Additional Perfection Measures. The Replacement Liens shall be perfected by operation of law upon entry of this Order. The Secured Creditors shall not be required to enter into or to obtain landlord waivers, mortgagee waivers, bailee waivers or warehouseman waivers or to file or record financing statements, mortgages, deeds of trust, leasehold mortgages, notices of lien or similar instruments in any jurisdiction, or obtain consents from any licensor or similarly situated party in interest, or take any other action in order to validate and to perfect the Replacement Liens.

6. Payments by Debtor. In consideration for the authority granted herein to use cash collateral and as additional adequate protection, the Debtor agrees to make the following payments: The Debtor shall pay the sum of \$20,000 on April 20, 2013 and on May 20, 2013 to the Bridge Lenders, which sums shall be allocated amongst the Bridge Lenders on a pro-rata

basis and applied to the outstanding balances of each of their respective loans to Plymouth Oil. The Debtor has represented that it has received commitments from existing unit holders for investments of new equity in the amount of \$225,000 in order to provide further adequate protection to Secured Creditors by adding to the “floor” of Cash Collateral assets. Funds from such new equity investment shall be placed as follows on or before April 4, 2013: (a) \$200,000 shall be placed into an escrow account at Iowa Prairie Bank; and (b) \$25,000 shall be placed in BrownWinick law firm’s client trust account as payment for current and future legal expenses pending application to and approval from the Court. Both the \$200,000 and the \$25,000 shall constitute cash collateral of the Secured Creditors, and may be used by the Debtor to fund ordinary and necessary operating expenses.

7. Carve-Out. Notwithstanding anything herein, the Replacement Liens and the Adequate Protection Claims shall remain subject and subordinate to: (a) fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Bankruptcy Court during the Funding Period; and (b) fees and expenses of attorneys retained in the Chapter 11 case by the Debtor (not to exceed a total of \$60,000) and by the Creditor’s Committee (not to exceed a total of \$5,000) (which amount includes all Carve-Out amounts previously authorized by the Court) to the extent allowed by the Bankruptcy Court (collectively, subsections (a) and (b) hereof, the “Carve-Out”). Debtor’s and Creditor’s Committee attorneys shall from time to time file fee applications with the court and to the extent the Debtor has cash sufficient with which it can pay those expenses, and to the extent of Bankruptcy Court approval, the Debtor shall be permitted to pay such fees, as well as fees payable to the U.S. Trustee and to the Bankruptcy Court, out of Cash Collateral. The Carve-Out shall be for the purpose of

providing a source of fees, up to the maximum amount, in the event the Debtor is unable to fund such fees out of cash collateral from its operations, or the Debtor has otherwise ceased doing business, or stay relief has been granted to the Bridge Lenders. Notwithstanding anything herein, the amount of the Carve-Out shall not be considered a ceiling or maximum of fees for which Debtor's Counsel and Creditor's Committee Counsel may apply, and for which the Bankruptcy Court may approve, for payment out of cash collateral from the Debtor's operations.

8. Surcharges. The Debtor reserves the right to seek to surcharge other creditors and parties in interest, pursuant to section 506(c) of the Bankruptcy Code or otherwise.

9. The Clerk is hereby directed to enter this Order on the Court's docket in this case.

Dated and Entered: April 3, 2013



THAD J. COLLINS, BANKRUPTCY JUDGE