



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

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The following constitutes the ruling of the court and has the force and effect therein described.

Signed January 12, 2018


United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

IN RE:

ARABELLA EXPLORATION, LLC, a Texas
limited liability corporation, et al.,
Debtors.¹

§ Case No. 17-40120-rfn
§ Chapter 11
§ (Jointly Administered)
§ Honorable Russell F. Nelms
§ U.S. Bankruptcy Judge
§
§
§

**AMENDED FINAL ORDER AUTHORIZING DEBTORS TO USE CASH
COLLATERAL AND GRANTING ADEQUATE PROTECTION**

This matter comes before the Court on Debtors' *Motion for Final Order (a) Authorizing Debtors to Use Cash Collateral, and (b) Granting Adequate Protection* (the "Motion") in which Debtors moved this Court for, among other things, the entry of final order (this "Order") approving Debtors' use of cash collateral and granting certain relief to Platinum Partners Credit Opportunities Master Fund, LP ("Platinum"), and after notice, the Court finds, subject to the terms and conditions below, that (1) the use of cash collateral as requested in the Motion and revised in this Order is in the best interests of the Debtors' estates (the "Estates") and

¹ This case is jointly administered with the case of Arabella Operating, LLC, Case No. 17-41479.

its creditors; (2) the use of cash collateral as requested in the Motion and revised in this Order is necessary to provide Debtors with sufficient cash and liquidity to preserve the value of the Debtors' assets; (3) in accordance with Federal Bankruptcy Rules 4001(a), (b) and (d), due and proper notice of the Motion has been given and no other or further notice is necessary with respect to the relief requested; (4) this Court has jurisdiction over this case and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334; (5) consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2); and (6) upon this record, after due deliberation thereon, good and sufficient cause exists for the entry of this Order. Therefore,

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:²

A. Petition Date. On January 8, 2017, Arabella Exploration, LLC (“AEX”) filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code (the “Petition Date”) in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court” or this “Court”). On April 4, 2017, Arabella Operating, LLC (“AO”) filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code. The above-captioned chapter 11 cases are referred to herein collectively as the “Cases.” The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

B. Jurisdiction and Venue. This Court has core jurisdiction over these Cases, this Motion, this Order, and the parties and property affected hereby pursuant to 28 U.S.C. sections 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. sections 1408

² The findings and conclusions set forth herein constitute the Bankruptcy Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any findings of fact constitute conclusions of law, they are adopted as such. To the extent any conclusions of law constitute findings of fact, they are adopted as such.

and 1409. The statutory bases for the relief set forth in this Order are sections 105, 361, 362, 363 and 507 of the Bankruptcy Code and Bankruptcy Rules 2002 and 4001.

C. Notice. Upon the record presented to the Court, and under the circumstances described in the Motion and herein, requisite notice of the Motion and the relief requested thereby has been provided in accordance with Bankruptcy Rules 4001(b) and 4001(c), which notice was appropriate under the circumstances and sufficient for the Motion, and the entry of this Order; and no further notice of, or hearing on, the entry of this Order is necessary or required.

D. Cash Collateral. Any and all cash of the Debtors, including cash and other amounts on deposit or maintained in any bank account or accounts of the Debtors and any amounts generated by the collection of accounts receivable, the sale of inventory, or other disposition of the Debtors' assets existing as of the Petition Date or arising or acquired after the Petition Date, together with all proceeds of any of the foregoing, is cash collateral within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral") of Platinum. For the avoidance of doubt, Cash Collateral includes any proceeds from the sale of inventory or any of Debtors' assets. However, none of the Cash Collateral which the Debtors propose to use in the Budget includes collateral or proceeds thereof which are subject to liens, of (i) Sooner Pipe, LLC, or (ii) other parties in interest, in each case, to the extent that Sooner Pipe, LLC or such party in interest is determined by this Court to have a valid and existing secured claim against any asset of a Debtor in these Cases, which such finding is outside the scope of this Order. Pursuant to section 363(c)(2) of the Bankruptcy Code, Debtors are not able to use Cash Collateral without Platinum's consent or this Court's authorization after notice and a hearing.

Platinum is willing to consent to the Debtors' use of the Cash Collateral, expressly limited to, and conditioned upon, the terms and conditions specified in this Order.

E. Necessity for Relief Requested; Immediate and Irreparable Harm. Debtors have an immediate need for cash to preserve and protect the assets of the Estates, to fund payment of normal and ordinary post-petition operating expenses (including, without limitation, the payment of post-petition professional fees and expenses approved by this Court in accordance with the requirements of the Bankruptcy Code (the "Professional Fees")) in accordance with the Budget (defined below), and to facilitate the sale of substantially all assets of Debtors for the benefit of Debtors' creditors. Absent the Debtors' ability to use Cash Collateral, the Debtors would not have sufficient available sources of working capital or financing and would be unable to pay operating expenses, or maintain their assets to the detriment of their Estates and creditors. Accordingly, the relief requested in the Motion and the terms provided herein are (i) critical to the Debtors' ability to maximize the value of the Estates, (ii) in the best interests of the Debtors and their Estates, and (iii) necessary, essential, and appropriate to avoid immediate and irreparable harm to the Debtors and the Debtors' Estates, stakeholders, assets, goodwill, and reputation.

F. Adequate Protection. Platinum is entitled to the adequate protection provided in this Order as and to the extent set forth herein pursuant to sections 361, 362 and 363 of the Bankruptcy Code. Based on the Motion and on the record presented to the Court, the terms of the proposed adequate protection arrangements and of the use of the Collateral (as defined below), including the Cash Collateral, are fair and reasonable, reflect the Debtors' prudent exercise of business judgment and constitute reasonably equivalent value and fair consideration for the use of Cash Collateral. Platinum shall have the right to seek additional

adequate protection beyond the adequate protection provided in this Order, and nothing in this Order or otherwise shall be deemed or construed to limit, impair or otherwise prejudice any of Platinum's rights to seek and/or obtain such other or additional adequate protection or any other relief.

G. Section 552(b). In light of Platinum's consent to the Debtors' use Cash Collateral to fund the Budget (as defined below) in accordance with the terms of this Order, Platinum is entitled to the benefits of any "equities of the case" claims under section 552(b) of the Bankruptcy Code, as set forth herein.

H. Good Cause. Good cause has been shown for the entry of this Order, and this Order is in the best interests of the Debtors, the Estates and their stakeholders. Among other things, the relief granted herein will minimize disruption of the Debtors' business and permit the Debtors to pay expenses necessary to maximize the value of the Estates. The terms of the Debtors' use of Cash Collateral and adequate protection arrangements, as set forth in this Order, are fair and reasonable under the circumstances, and reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties.

I. Good Faith. The Debtors' use of Cash Collateral in accordance with the terms hereof has been negotiated in good faith and at arms' length among the Debtors and Platinum, and the consent of Platinum to the Debtors' use of Cash Collateral in accordance with the terms hereof shall be deemed to have been made in "good faith."

J. All parties who may have an interest in the Cash Collateral to be used that appeared at the hearing on the Motion have approved or consented to the entry of this Order as revised, or their objections have been overruled.

BASED UPON THE STIPULATED TERMS SET FORTH HEREIN, AND FINDINGS OF FACT AND CONCLUSIONS OF LAW, IT IS HEREBY ORDERED,

ADJUDGED, AND DECREED:

IT IS ORDERED THAT:

1. Motion Granted. The Motion is GRANTED to the extent provided herein on a final basis. Any objection to the Motion, to the extent not withdrawn, waived or resolved, is hereby overruled. For purposes of clarity, the Participant Objections (as defined below) are resolved based on the order set forth in Paragraph 19 hereof.

2. Authorization to Use Cash Collateral. The Debtors are authorized on a final basis to use the Cash Collateral solely in accordance with and to the extent set forth in the Budget attached hereto as **Exhibit A** (the "Budget"). Debtors may not use Cash Collateral in any manner or for any purpose other than as explicitly set forth in the Budget without the prior consent of Platinum or further order of the Court.

3. Adequate Protection. As adequate protection for the amount of diminution in value of its interests in the Debtors' assets existing as of the Petition Date (the "Prepetition Collateral"), including, without limitation, the aggregate amount of Cash Collateral used by any Debtor on a dollar-for-dollar basis, the imposition of the automatic stay and any other act or omission which causes diminution in the value of its interests in the Prepetition Collateral, Platinum (collectively, the "Diminution in Value") is granted the following adequate protection (collectively, the "Adequate Protection"):

(a) Replacement Liens. Platinum is hereby granted, pursuant to sections 361 and 363 of the Bankruptcy Code, valid, binding, enforceable and perfected replacement liens upon and security interests in all of each Debtor's presently owned or hereafter acquired property and assets, whether such property and assets were acquired by such Debtor before or after the Petition Date, of any kind or nature, whether real or personal, tangible or intangible, wherever located, and the proceeds and products thereof,

including, without limitation, the proceeds from any disposition of any leasehold interests of the Debtors, senior to all other security interests in, liens on, or claims against any asset of a Debtor, including the prepetition liens and claims of Platinum, and all rights of payment of all other parties (collectively, the “Senior Replacement Lien”). However, nothing in this Order shall be construed to prime or subordinate (i) the tax liens of the ad valorem taxing entities or (ii) the liens of Sooner Pipe, LLC to the extent Sooner Pipe, LLC is determined by this Court to have a valid and existing secured claim against any asset of a Debtor in these Cases. The Senior Replacement Lien shall be valid, binding and enforceable against any trustee or other estate representative appointed in any Case, upon the conversion of any of the Cases to a case under chapter 7 of the Bankruptcy Code (collectively, “Successor Cases” and each a “Successor Case”) and/or upon the dismissal of any Case or Successor Case.; and

(b) 507(b) Priority Claim. Platinum is hereby granted pursuant to sections 503, 507(a) and 507(b) of the Bankruptcy Code, an allowed superpriority administrative expense claim in the Cases and any Successor Case (the “Senior Adequate Protection Superpriority Claim”) in an amount equal to the Diminution in Value. The Senior Adequate Protection Superpriority Claim shall be subordinate only to (i) the payment of the statutory fees of the United States Trustee pursuant to 28 U.S.C. § 1930(a), (ii) the expenses set forth in the Budget, and (iii) any and all fees payable to the Clerk of the Court, but otherwise shall have priority over all other administrative expense claims, including administrative expenses of the kinds specified in or ordered pursuant to sections 503(b) and 507(b) of the Bankruptcy Code, and unsecured claims against each

Debtor and each Estate now existing or hereafter arising, of any kind or nature whatsoever.

(c) Notwithstanding anything to the contrary set forth herein, the Adequate Protection granted by this Order is without prejudice to the rights of Platinum to seek additional adequate protections from this Court. The use of Cash Collateral pursuant to the terms and conditions this Final Order and in accordance with the Budget shall not be deemed to be a consent by Platinum to any other or further use of Cash Collateral.

4. Proof of Claim. The proof of claim filed on May 17, 2017 by Bart M. Schwartz, as SEC Receiver on behalf of Platinum together with all interest and expenses accrued and accruing thereon is hereby approved as an allowed claim against each Debtor and Estate. Platinum will not be required to file proofs of claim or requests for approval of administrative expenses in any Case or Successor Case.

5. Relief from the Automatic Stay.

(a) The automatic stay provisions of section 362 of the Bankruptcy Code are hereby modified to permit (i) the Debtors to implement and perform the terms of this Order, and (ii) the Debtors to create, and Platinum to perfect, the liens granted hereunder. Platinum is not required to file UCC financing statements or other instruments with any other filing authority to perfect the liens granted by this Order or to take any other actions to perfect such liens, which shall be deemed automatically perfected by the docketing of this Order by the Clerk of the Court, and deemed to be effective as of the Petition Date. If, however, Platinum elects for any reason to file, record or serve any such financing statements or other documents with respect to such liens, then the Debtors shall execute same upon request and the filing, recording or service thereof (as the case may be) shall

be deemed to have been made at the time of the commencement of this Case on the Petition Date.

(b) In addition, and without limiting the foregoing, after providing seven (7) business days (the “Stay Relief Notice Period”) prior written notice (the “Enforcement Notice”) to (i) the Court, (ii) counsel for the Debtors, (iii) the U.S. Trustee, (iv) the Participation Objectors (defined below), and (v) all other parties that have requested notice in these Cases, Platinum shall be entitled to an expedited hearing before this Court to occur immediately, but in any event, subject to the Court’s calendar, following the expiration of the Stay Relief Notice Period in order to obtain relief from the automatic stay provisions of section 362 of the Bankruptcy Code, to the extent not already authorized pursuant to this Order, to take any action and exercise all rights and remedies against all or any number of the Debtors’ assets, provided under this Order, any prepetition agreement between any Debtor and Platinum (the “Loan Documents”), or applicable law that Platinum may deem appropriate in its sole discretion to proceed against and realize upon all or any number of the Debtors’ assets upon which Platinum has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all amounts owing by Debtors’ to Platinum (the “Obligations”).

(c) The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit Platinum to perform any act authorized or permitted under or by virtue of this Order, the Loan Documents, or applicable non-bankruptcy law, as applicable, including,

without limitation, (i) to implement the post-petition financing arrangements authorized by this Order, (ii) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in any asset of the Debtors, (iii) to assess, charge, collect, advance, deduct and receive payments with respect to the Obligations, including, without limitation, all interests, fees, costs and expenses permitted under the Loan Documents and apply such payments to outstanding the Obligations in all cases, and (iv) immediately following the expiration of the Stay Relief Notice Period, and absent an order of this Court sustaining an objection thereto entered during such period, to take any action and exercise all rights and remedies and to take any other action to proceed against and realize upon the Collateral and any other assets or properties of Debtors' Estates upon which Platinum has been or may hereafter be granted liens or security interests to obtain the full and indefeasible repayment of all Obligations.

6. Reversal, Modification, Vacatur, or Stay. Any reversal, modification, vacatur, or stay of any or all of the provisions of this Order shall not affect the validity or enforceability of the Senior Replacement Lien or the Senior Adequate Protection Superpriority Claim, incurred prior to the effective date of such reversal, modification, vacatur, or stay. Notwithstanding any reversal, modification, vacatur, or stay, (a) this Order shall govern, in all respects, any use of Cash Collateral, the Senior Replacement Lien or any Senior Adequate Protection Superpriority Claim incurred by Debtors prior to the effective date of such reversal, modification, vacatur, or stay, and (b) Platinum shall be entitled to all the benefits and protections granted by this Order with respect to any such use of Cash Collateral or such Senior Replacement Lien and Senior Adequate Protection Superpriority Claim incurred by the Debtors.

7. No Waiver for Failure to Seek Relief. The failure or delay of the Platinum to seek relief or otherwise exercise any of its rights and remedies under this Order, the Loan Documents, or applicable law, as the case may be, shall not constitute a waiver of any rights hereunder, thereunder, or otherwise, by Platinum.

8. Marshalling. In no event shall Platinum be subject to the equitable doctrine of “marshalling” or any similar doctrine with respect to the Collateral. Platinum shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to Platinum with respect to proceeds, products, offspring or profits of any of the pre-petition collateral or any other assets of the Debtors on which Platinum has a valid lien (collectively, the “Collateral”).

9. Without limiting the rights of Platinum contained in this Order, Platinum shall have the right, upon three (3) business days written notice to the Debtors, at any time during the Debtors’ normal business hours, to inspect, audit, examine, check, make copies of or extract from the non-privileged books, accounts, checks, orders, correspondence and other records of the Debtors, and to inspect, audit and monitor all or any part of the Collateral, and the Debtors shall make all of same reasonably available to Platinum and each of their representatives, for such purposes.

10. Limitations on Use of Cash Collateral.

(a) The Cash Collateral shall not, directly or indirectly, be used to pay administrative expenses of the Debtors and or the Estates except for those operating expenses (including the statutorily required fees payable to the Office of the United

States Trustee pursuant to 28 U.S.C. §1930 and any interest due thereon) that are set forth in the Budget or with the prior written consent of Platinum.

(b) The Cash Collateral may not be used in connection with or to finance in any way: (a) any action, suit, arbitration, proceeding, application, motion or other litigation of any type (i) for the payment of any services rendered by the professionals retained by any Debtor or any statutory committee appointed by the United States Trustee (the "Committee"), or other representative of any estate, in connection with the assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense or other contested matter, the purpose of which is to seek, or the result of which would be to obtain, any order, judgment, determination, declaration or similar relief invalidating, setting aside, avoiding or subordinating, in whole or in part, any liens or obligations in favor of Platinum, (ii) for monetary, injunctive or other affirmative relief against Platinum or any Prepetition Collateral, or (iii) preventing, hindering or otherwise delaying the exercise by Platinum of any rights under this Order, provided, however, for the avoidance of doubt, that the Debtors shall otherwise be permitted to contest any motion by Platinum pursuant to Section 5(b) of this Order; (b) objecting to or challenging in any way the claims, liens, or interests held by or on behalf of Platinum; (c) asserting, commencing or prosecuting any claims or causes of action whatsoever, including, without limitation, any actions under chapter 5 of the Bankruptcy Code, against Platinum or any liens in favor of Platinum; or (d) prosecuting an objection to, contesting in any manner, or raising any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any such liens, obligations, or interests.

11. Binding Effect. This Order shall be binding upon and inure to the benefit of the Platinum and the Debtors and their respective successors and assigns, including, without any limitation, any trustee, responsible officer, examiner, estate administrator or representative, or similar person appointed in a case for the Debtors under any chapter of the Bankruptcy Code. No rights are entered under this Order for the benefit of any creditor of the Debtors, any other party in interest in the Cases, or any other person or entities, or any direct, indirect or incidental beneficiaries thereof.

12. Effectiveness. The terms and conditions of this Order shall be (i) effective and immediately enforceable upon its entry by the Clerk of the Court notwithstanding any potential application of Fed. R. Bankr. P. 6004(g), 7062, 9014 or otherwise; and (ii) not be stayed absent (a) an application by a party in interest for such stay in conformance with such Fed. R. Bankr. P. 8005, and (b) a hearing upon notice to the Notice Parties.

13. Releases. In consideration of Platinum permitting the Debtors to use the Cash Collateral pursuant to the provisions of this Order, each Debtor, on behalf of itself and its successors and assigns, and all other persons in interest (collectively, the "Releasors") shall forever release, discharge and acquit the SEC Receiver, Platinum and its successors and assigns, and its present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees and other representatives in their respective capacities as such (collectively, the "Releasees"), of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Releasors had, have or hereafter can or may have against Releasees as of the date

hereof, in respect of events that occurred on or prior to the date hereof in connection with the Debtors, the Loan Documents, or the Obligations.

14. Survival. The provisions of this Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (a) confirming any plan of reorganization in any of the Cases, (b) converting any of the Cases to a case under chapter 7 of the Bankruptcy Code, (c) dismissing any of the Cases or Successor Cases, or (d) pursuant to which this Court abstains from hearing any of the Cases or Successor Cases. The terms and provisions of this Order, as well as the Senior Adequate Protection Superpriority Claim, the Senior Replacement Lien and all other claims and liens, if any, granted by this Order, shall (x) continue in this Case, any Successor Case, or any other superseding case under the Bankruptcy Code, (y) be valid and binding on all parties in interest, including, without limitation the Committee, chapter 11 trustee, examiner or chapter 7 trustee, and (z) continue, notwithstanding any dismissal of any Case or Successor Case (and any such order of dismissal shall so provide), and such claims and liens shall maintain their priority as provided by this Order until the Obligations are paid in full.

15. Discharge Waiver. The Debtors expressly stipulate, and the Court finds and adjudicates that, neither the Senior Adequate Protection Superpriority Claim or the Senior Replacement Lien shall be discharged by the entry of an order confirming any plan of reorganization, notwithstanding section 1142(d) of the Bankruptcy Code, unless (i) the order is entered with the prior written consent of the Platinum, or (ii) the Senior Adequate Protection Superpriority Claim has been paid in full in cash on or before the effective date of such plan.

16. Rights Preserved. Notwithstanding anything herein to the contrary, the entry of this Order is without prejudice to, and does not constitute a waiver of, expressly or

implicitly: (a) Platinum's right to seek any other relief in respect of the Debtors (including the right to seek additional adequate protection); (b) the Platinum's right to seek the payment by the Debtors of post-petition interest pursuant to section 506(b) of the Bankruptcy Code; or (c) any rights of Platinum under the Bankruptcy Code or under non-bankruptcy law, including the right to (i) request modification of the automatic stay pursuant to section 362 of the Bankruptcy Code, (ii) request dismissal of any of the Cases or Successor Cases, conversion of any of the Cases to cases under chapter 7 of the Bankruptcy Code, or appointment of a chapter 11 trustee or an examiner (with or without expanded powers), (iii) propose a chapter 11 plan or plans of reorganization, subject to section 1121 of the Bankruptcy Code, or (iv) consent in writing prior to the sale of all or any portion of the Collateral outside the ordinary course of the Debtors' business (and no such consent shall be implied or construed by any action or inaction by Platinum. Other than as expressly set forth in this Order, any other rights claims or privileges (whether legal, equitable or otherwise) of Platinum are preserved.

17. Application of Proceeds. The following paragraph is subject to Paragraph 19 below and the rights and claims of the Participant Objectors (defined below). All proceeds of the Collateral received by Platinum, and any other amounts or payments received by Platinum in respect of the Obligations and all other obligations set forth in this Order, may be applied or deemed to be applied by Platinum in such manner and priority as Platinum may determine in its discretion, all in accordance with the Loan Documents and this Order. Without limiting the generality of the foregoing, Debtors are authorized without further order of this Court to pay or reimburse Platinum for future costs and expenses, including, without limitation, all professional fees, consultant fees and legal fees and expenses paid or incurred by Platinum in connection with the financing transactions as provided in this Order and the Loan Documents, all of which shall

be and are included as part of the principal amount of the Obligations and secured by the Collateral.

18. Retention of Jurisdiction. The Court has and will retain jurisdiction to enforce this Order in accordance with its terms and to adjudicate any and all matters arising from or related to the interpretation or implementation of this Order.

19. Reservation of Rights. Shafer and Weiner, PLLC (“S&W”) [Docket No. 291], RHSW Caribbean and Forshey & Prostok, LLP, for themselves and for or on behalf of Solomon Harris and Maples and Calder (collectively, “RHSW”) [Docket Nos. 286 and 319], and 30294, LLC (“30294”) [Docket No. 301] have filed objections (collectively, the “Participant Objections”) to the Motion. S&W, RHSW and 30294 are collectively referred to herein as the “Participation Objectors”. Notwithstanding anything to the contrary set forth herein, nothing contained herein shall impair, impact or prejudice in any manner the rights or claims of any Participant Objector, including as set forth in the Participant Objections, and all such rights are hereby preserved in all respects, any other term of this Order notwithstanding. Platinum’s respective rights and claims with respect to the foregoing are hereby reserved and preserved in all respects and nothing in this Order shall impact or prejudice such rights and claims.

20. Nothing in this Order shall alter, impair, or otherwise affect any rights, liens, or security interests, if any, of Founders Oil & Gas Operating, LLC, Founders Oil & Gas III or any of the working interest holders under the JOAs (as defined below) arising under, in connection with, or related to the joint operating agreement dated September 5, 2012, and the joint operating agreement dated March 1, 2013, for certain oil and gas leases for the “Wolfbone Project” (collectively, the “JOAs”); provided, that, nothing in this Order shall be construed or otherwise interpreted as a finding, ruling, or determination regarding the existence, validity,

enforceability or priority of any such rights, liens or security interests and the Debtors reserve all rights with respect thereto.

21. The terms and provisions of this Order inure to the benefit of, and are binding upon, Platinum, the SEC Receiver, the Debtors and creditors of the Debtors, and their respective successors and assigns, including, without limitation, any trustee or legal representative of the Debtors appointed in this case or in any superseding case under Chapter 7 of the Bankruptcy Code.

22. This Order integrates all terms and conditions mentioned or incidental thereto, and supersedes all prior negotiations, whether written or oral, and prior writings with respect to its subject matter. This Order is immediately valid and fully effective upon entry by this Court.

END OF ORDER

Prepared by:

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