




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

**ENTERED**

THE DATE OF ENTRY IS ON  
THE COURT'S DOCKET

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

Signed September 27, 2018

  
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

In re: §  
§ Case No. 18-32070-SGJ-11  
FULCRUM EXPLORATION, LLC §  
§ Chapter 11  
Debtor. §

**FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363 AND 507,  
BANKRUPTCY RULES 2002, 4001, 6003, 6004, AND 9014 (I) AUTHORIZING  
DEBTOR'S USE OF CASH COLLATERAL, (II) GRANTING ADEQUATE  
PROTECTION TO THE PREPETITION SECURED LENDER, (III) MODIFYING THE  
AUTOMATIC STAY, AND (IV) SCHEDULING FINAL HEARING**

Upon consideration of the Debtor's *Emergency Motion for Interim and Final Orders (I) Authorizing the Use of Cash Collateral Pursuant to Section 105, 361, 362, 363, and 364 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 4001(B) and (II) Granting Adequate Protection to the Prepetition Secured Lender* (the "**Motion**") [Docket No. 2]<sup>1</sup>, the Declaration of Derek Jensen in Support of Debtor's Chapter 11 Petition and Request for First Day Relief, the record in this case, including the matters brought to the Court's attention at the

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning given to them in the Motion.

hearings on June 26, 2018, July 16, 2018, and August 27, 2018, and after due deliberation and consideration, the Court finds that it has jurisdiction to authorize the use of Cash Collateral<sup>2</sup> as requested in the Motion, but as limited in this order (the "**Final Order**").

**THIS COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:**<sup>3</sup>

A. Petition Date. On June 24, 2018 (the "**Petition Date**"), Fulcrum Exploration, LLC (the "**Debtor**") commenced a case (the "**Chapter 11 Case**") by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code.<sup>4</sup>

B. Prepetition Restated Loan Agreement. Prior to the Petition Date, the Debtor entered into a restated loan agreement with Sovereign Bank ("**Sovereign**") dated September 20, 2016 (the "**Prepetition Restated Loan Agreement**;" together with all other documents, instruments, and agreements delivered in connection with the Prepetition Restated Loan Agreement, as amended and in effect as of the Petition Date, the "**Prepetition Loan Documents**"). Sovereign subsequently merged with Veritex Community Bank (the "**Prepetition Secured Lender**"). Accordingly, the Prepetition Secured Lender is the successor in interest to Sovereign under the Prepetition Loan Documents, the Prepetition Liens (defined below), and the Prepetition Mortgage (defined below).

C. Prepetition Collateral. Pursuant to the Prepetition Restated Loan Agreement, the Debtor granted liens (the "**Prepetition Liens**") on substantially all of its assets. Additionally, and in conjunction with the Prepetition Restated Loan Agreement, the Debtor also executed that certain Mortgage and Security Agreement (the "**Prepetition Mortgage**") related to certain of the

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<sup>2</sup> As that term is defined in 11 U.S.C. § 363(a).

<sup>3</sup> To the extent, any findings of fact constitute conclusions of law, they are adopted as such, and vice versa, pursuant to Fed. R. Bankr. P. 7052.

<sup>4</sup> Unless otherwise noted, all statutory references are to title 11 of the United States Code (the "**Bankruptcy Code**").

Debtor's oil and gas properties in Jackson and Tillman County, Oklahoma, to secure the prepetition obligations set forth in the Prepetition Loan Documents (collectively with the liens granted pursuant to the Prepetition Restated Loan Agreement, the "**Prepetition Collateral**").

D. Debtor in Possession. The Debtor continues to operate its businesses and manage its properties as a debtor and debtor in possession pursuant to Bankruptcy Code sections 1107(a) and 1108, and no trustee or examiner has been appointed.

E. Notice. The Debtor gave due and sufficient notice of the Motion pursuant to the Bankruptcy Rules and Local Bankruptcy Rules.

F. Jurisdiction and Venue. This Court has core jurisdiction over the Chapter 11 Case, the Motion, and the parties and property affected by this Final Order pursuant to 28 U.S.C. §§ 157(b) and 1334, and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

G. Statutory Committee Formation. No official committee of unsecured creditors pursuant to Bankruptcy Code section 1102 (a "**Statutory Committee**") has been appointed in this case.

H. Purpose of Financing. The Debtor requires the use of Cash Collateral (as such term is defined in section 363(a) of the Bankruptcy Code) described in the Motion and as expressly provided in the budget attached hereto as **Exhibit A** (as such budget may be modified from time to time by the Debtor with the prior written consent of the Prepetition Secured Lender as set forth in this paragraph and in this Final Order, the "**Budget**"), to, *inter alia*: (i) pay costs, fees and expenses associated with or payable under the terms of this Final Order; (ii) pay professional fees subject to the Budget; and (iii) provide ongoing working capital requirements of the Debtor and to pay fees, costs, expenses and other administrative expenses relating to the

Chapter 11 Case, in each case, subject to any necessary Bankruptcy Court approvals and consistent with the Budget subject to any Budget Variances (defined below).

I. Adequate Protection. The Prepetition Secured Lender is entitled to receive adequate protection to the extent of any diminution in value of its interests in the Prepetition Collateral (including Cash Collateral), up to the value of its secured claim (as determined pursuant to section 506 of the Bankruptcy Code and applicable law) pursuant to sections 361, 362, 363 and 364 of the Bankruptcy Code (the "**Adequate Protection Obligations**"). Notwithstanding the foregoing, nothing in this Paragraph or this Order shall prejudice the Debtor, or any other party in interest, from arguing the agreed equity cushion provides adequate protection to the Prepetition Secured Lender.

J. Debtor Stipulations. The Debtor (on behalf of, and for itself and its estate) admits, stipulates, acknowledges, and agrees to the following (collectively, the "**Debtor Stipulations**"):

1. as of the Petition Date, (a) the Debtor's obligations arising from the Prepetition Loan Documents are legal, valid, binding, fully perfected, and non-avoidable obligations in the estimated aggregate liquidated amount of not less than \$8,264,981.38, not including attorneys' fees; (b) the Debtor's obligations under the Prepetition Loan Documents (the "**Prepetition Loan Obligations**"), the Prepetition Liens, and the Prepetition Mortgage constitute legal, valid, binding, fully perfected, and non-avoidable senior first-priority obligations of the Debtor, enforceable in accordance with the terms and conditions of the Prepetition Loan Documents; (c) no portion of the Prepetition Loan Obligations, the Prepetition Liens, or the Prepetition Mortgage are subject to any offset, challenge, defense, claim, or counterclaim of any kind or any nature, nor is any portion of the

Prepetition Loan Obligations, the Prepetition Liens, or the Prepetition Mortgage subject to avoidance, recharacterization, disallowance, or subordination pursuant to the Bankruptcy Code or other applicable law; and (d) the value of the Prepetition Collateral exceeds the amount outstanding under the Prepetition Loan Obligations, rendering the Prepetition Secured Lender oversecured as of the Petition Date;

2. the Debtor and its estate shall be deemed to have (a) waived, discharged, and released the Prepetition Secured Lender, together with the Prepetition Secured Lender's shareholders affiliates, parents, subsidiaries, controlling persons, directors, agents, officers, successors, assigns, directors, managers, principals, officers, employees, agents, investors, funds, advisors, attorneys, professionals, representatives, accountants, investment bankers, and consultants, each in its respective capacity as such (collectively, the "**Released Parties**") of any and all claims (as defined in section 101(5) of the Bankruptcy Code, offsets, defenses, objections, challenges, causes of action, and/or choses in action, or other claims arising under or pursuant to the Bankruptcy Code or under any other applicable law against any and all of the Released Parties, whether at law or in equity, arising under or relating to the Prepetition Loan Documents or the transactions contemplated thereunder, and (b) waived, discharged, and released any offsets, defenses, objections, challenges, causes of action, and/or choses in action with respect to the Prepetition Loan Obligations, the Prepetition Liens, or the Prepetition Mortgage, including, without limitation, actions related to recharacterization, subordination, avoidance, any right or basis to challenge or

object to the amount, validity, enforceability, and/or perfection of the Prepetition Loan Obligations, the Prepetition Liens, and/or the Prepetition Mortgage; and

3. as of the Petition Date and the date of the entry of this Final Order, the value of the Prepetition Collateral exceeds the amount outstanding under the Prepetition Loan Obligations, rendering the Prepetition Secured Lender oversecured.

K. Budget. Attached hereto as **Exhibit A** is an updated thirteen-week Budget setting forth the Debtor's anticipated cash receipts and expenditures for the next thirteen weeks.

L. Good Cause. Based upon the record presented to the Bankruptcy Court by the Debtor, it appears that the ability of the Debtor to obtain sufficient working capital through the use of Cash Collateral is vital to the Debtor and the Debtor's estate and creditors. The Debtor reasonably believes that the use of Cash Collateral will enable the Debtor to continue to operate its business in the ordinary course and preserve and maximize the value of its business. Good cause has, therefore, been shown for the relief sought in the Motion. The terms of the use of the Cash Collateral pursuant to this Final Order are (a) fair and reasonable; (b) reflect the Debtor's exercise of prudent business judgment; and (c) constitute reasonably equivalent value and fair consideration.

M. Immediate Entry of Final Order. The Debtor requested immediate entry of this Final Order pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2). The permission granted herein to use Cash Collateral is necessary to avoid immediate and irreparable harm to the Debtor. This Bankruptcy Court concludes that entry of this Final Order is in the best interests of the Debtor and the Debtor's estate and creditors as its implementation will, among other things, allow for the continued flow of supplies and services to the Debtor necessary to sustain the operation of the Debtor's existing businesses during the pendency of this Chapter 11 Case.

Based upon the foregoing findings, acknowledgements, and conclusions; and upon the record made before this Bankruptcy Court at the Interim Hearing; and good and sufficient cause appearing therefor:

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

1. Motion Granted. The Motion is granted in accordance with the terms of this Final Order. Any objections to the Motion with respect to the entry of this Final Order that have not been withdrawn, waived or settled and all reservations of rights included therein, are hereby denied and overruled.

2. Use of Cash Collateral. The Debtor is authorized to use Cash Collateral during the period beginning with the Petition Date and ending on the Termination Date (as defined herein) for the payment of approved expenses (the "**Approved Expenses**") set forth in the Budget attached hereto as **Exhibit A**. On or before the date that is four weeks prior to the end of the initial thirteen-covered in the Budget (such period, the "**Budget Period**") or any Subsequent Budget Period (defined below), the Debtor must provide a subsequent thirteen-week budget (a "**Subsequent Budget**") to the Prepetition Secured Lender, and the office of the United States Trustee (together, the "**Budget Notice Parties**"). If no Budget Notice Party specifically objects to the proposed supplemental budget within seven (7) days of service, then the proposed supplemental budget will be deemed approved. Absent such an objection, the Debtor will be authorized to use Cash Collateral to fund the expenses itemized and specified for those weeks stated in the supplemental budget, subject to the provisions of this Final Order. If a Budget Notice Party objects (which shall include sending written correspondence to counsel for the Debtor of its objection and non-consent) to the proposed supplemental budget, Debtor will be prohibited from further using Cash Collateral during the period covered by the supplemental

budget; provided, however, that the Debtor may seek an order from the Court on an expedited basis authorizing the use of Cash Collateral not to exceed the total expenses itemized for that period, subject to the right of the Budget Notice Parties to object to such use of Cash Collateral. In such an event, the Budget Notice Parties shall be deemed to agree to such request for an expedited hearing. The Budget Notice Parties shall not unreasonably withhold approval of Debtor's proposed supplemental budgets (as each approved supplemental budget may be active from time to time, an "**Approved Budget**").

3. Budget Variance. For as long as a Termination Event has not occurred, the Debtor is authorized to use Cash Collateral in accordance with this Final Order and the Approved Budget in an amount that would not cause the Debtor to use Cash Collateral for (a) disbursements and capital expenditures listed in the budget (the "**Total Disbursements**") in an aggregate amount exceeding the Total Disbursements budgeted during the Budget Period then in effect by more than ten percent (10%), and (b) actual expenditures of the Debtor for each line item in the Budget (other than Total Disbursements) in an amount exceeding the budgeted amount for each such line item during the Budget Period by fifteen percent (15%) or more (each of (a) and (b) above, a "**Permitted Deviation**"); *provided, however*, that with respect only to clause (b) of this paragraph, in the event that the forecasted amount of Total Disbursements in the Budget exceeds the amount actually paid in respect of Total Disbursements during such Budget Period (the difference between the budgeted amount and the amount actually paid, the "**Carry Forward Amount**"), the Debtor shall be authorized to use Cash Collateral in the Carry Forward Amount toward Total Disbursements during any subsequent thirteen-week period (such period, a "**Subsequent Budget Period**"). The Prepetition Secured Lender may, in its sole discretion, agree in writing to the use of Cash Collateral (i) in a manner or amount which does



not conform to the Budget (other than Permitted Deviations) (each such approved non-conforming use of Cash Collateral, a "**Non-Conforming Use**") or (ii) for any Subsequent Budget Period. If such written consent is given, the Debtor shall be authorized pursuant to this Final Order to use Cash Collateral for any such Non-Conforming Use or any such Subsequent Budget Period in accordance with a Subsequent Budget without further Court approval.

4. Adequate Protection. As adequate protection, the Prepetition Secured Lender is hereby granted:

- a. Adequate Protection Liens. The Prepetition Secured Lender shall be granted, only to the extent of diminution of the Prepetition Collateral as a result of such use of Cash Collateral, without any further action, continuing, valid, binding, enforceable, fully perfected, replacement liens and first priority security interests in the Debtor's presently owned or hereafter acquired property and assets (the "**Postpetition Collateral**"), whether such property and assets were acquired before or after the Petition Date, of any kind or nature, whether real or personal, tangible or intangible, wherever located (including, without limitation, first priority liens on any cash held in the Debtor's bank accounts), and the proceeds and products thereof (the "**Replacement Liens**"), junior only to the Carve-Out but excluding any causes of action that could be brought under sections 544, 545, 547 or 548 of the Bankruptcy Code or any applicable state fraudulent-transfer statute or similar statute.
- b. Adequate Protection Claims. Only to the extent of diminution of the Prepetition Collateral as a result of such use of Cash Collateral, the Prepetition Secured Lender shall have a postpetition superpriority administrative expense

claim (the "**Superpriority Claim**") against the Debtor, with recourse to all prepetition and post-petition property of the Debtor and all proceeds thereof, under Bankruptcy Code sections 503 and 507(b) against the Debtor's estate, which Superpriority Claim shall have priority in payment over any other indebtedness and/or obligations now in existence or incurred hereafter by the Debtor or its estate and over all other administrative expenses of any kind, including, without limitation, those specified in Bankruptcy Code sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, or 1114, or otherwise and including those resulting from the conversion of the Chapter 11 Case pursuant to Bankruptcy Code section 1112 (each, a "**Subsequent Proceeding**"); subject and junior only to the Carve-Out. Nothing in this Final Order or in any prior order shall be construed to grant or acknowledge liens that prime any ad valorem property tax liens.

- c. **Adequate Protection Payments**. The Debtor is authorized and directed to pay to the Prepetition Secured Lender an adequate protection payment on the last business day of each calendar month after entry of this Final Order, in each case, in an amount equal to \$40,000, or in such amount or timing as agreed in writing between the Debtor and the Prepetition Secured Lender.
- d. **Weekly Budget Reporting**. No later than 5:00 p.m. (prevailing central time) on Wednesday of each week, the Debtor shall provide the Prepetition Secured Lender with (i) a report showing actual cash collections and cash expenditures and detailing any variances from the Approved Budget; (ii) a current accounts payable aging; and (iii) a weekly production report covering the seven (7) day

period ending the preceding Friday in a form similar to that which was provided to the Prepetition Secured Lender prior to the Petition Date.

- e. Monthly Financial Reporting. The Debtor shall provide the Prepetition Secured Lender with monthly financial reports for August 2018, and each month thereafter by the 25th day of the month following the month reported (unless the Prepetition Secured Lender agrees to accept the monthly operating reports in lieu).
- f. Purchase Statements from Gatherers. By the 5:00 p.m. (prevailing central time) on the 25th calendar day of each calendar month, the Debtor shall provide to the Prepetition Secured Lender a true, correct and complete copy of the purchase statement that the Debtor receives from its gatherers, including but not limited to Enterprise Products and Phillips 66.
- g. Regular Access and Meeting. The Debtor shall arrange and hold bi-weekly calls with the Prepetition Secured Lender's representatives, beginning the week of October 1, 2018. Further, the Debtor shall allow the Prepetition Secured Lender or its representative access to conduct site visits to the properties on the 15<sup>th</sup> day of each month during the term of this Order, or such other date (including canceling any such site visit) as may be mutually agreed to between the Debtor and the Prepetition Secured Lender, or the Debtor and the Prepetition Secured Lender's representative. The Debtor and the Prepetition Secured Lender shall continue to cooperate with each other with regard to outstanding information requests.

5. No Lien upon Avoidance Actions. The Replacement Liens do not extend to the Debtor's transfer or lien avoidance rights and claims under sections 544, 545, 547 or 548 of the Bankruptcy Code or funds received from the same.

6. Perfection and Priority of the Replacement Liens. The Replacement Liens are, and shall be, valid, perfected, enforceable, and effective as of the Petition Date without the need for any further action by the Debtor or the Prepetition Secured Lender, or the necessity of execution or filing of any instruments or agreements.

7. Milestones: The Debtor shall complete the following milestones (the "Milestones") by the time provided below:

a. AFEs Milestones: Subject to the availability of cash in an amount not less than the amount shown in the Budget, commence and complete the improvements authorized for expenditure (the "AFEs") on the following leases in the amounts listed below by the deadlines listed below:

i. *Tranche One* (Total Cost: \$80,685; Completion Deadline: November 30, 2018).

- Alice (Cost: \$250.00);
- Oden Abernathy/Cobb (Cost: \$750.00);
- Gibson #1 (Cost: \$2,750);
- Taylor Trust #1 (Cost:\$4,500);
- Cowan No. 3 (Cost: \$40,435.00);
- Morgan #1 (Cost: \$14,500);
- Miller #1 (Cost:\$8,600); and
- City of Frederick No. 1A (Cost: \$9,100.00);

ii. *Tranche Two* (Total Cost: \$59,500; Completion Deadline: January 31, 2019).

- Cowan No. 1 (Cost: \$19,500)
- James #2 (Cost: \$10,000)
- James #3 (Cost: \$10,000)
- Mary #1 (Cost: \$10,000)
- Hinson #1 (Cost: \$8,500)
- Alex #4 (Cost: \$750)
- CanAm #5 (Cost: \$750)

b. Plan Milestones: The Debtor has committed to seek (i) a debt and/or equity investment or sale of assets (the "**Capital Raise Transaction**"); or (ii) a replacement lender for the Prepetition Secured Lender (the "**Replacement Lender Transaction**"). The Debtor has also indicated that it will focus first on the Capital Raise Transaction and then the Replacement Lender Transaction, if relevant. For all actions involved in marketing the Capital Raise Transaction or the Replacement Lender Transaction, the Prepetition Secured Lender shall have a right of consultation; however, no fiduciary obligations shall be imputed to the Prepetition Secured Lender.

Capital Raise Transaction:

i. *Communications to Investors and Lenders*. In the event that the Debtor circulates or distributes any "teaser" marketing papers or any other similar papers (including without limitation, any "Executive Overview," "Summary of Investment," and "Loan Opportunity"), the

Debtor will circulate, prior to circulation, these materials to the Prepetition Secured Lender.

- ii. *Communications from Investors and Lenders.* Within two business days of receiving from any potential investor or lender any formal document similar to a non-disclosure agreement, letter of intent, term sheet, proposal, or due diligence items (including without limitation, requests, checklists, and deliverable listings), the Debtor shall forward such document to the Prepetition Secured Lender.
- iii. *Letter of Intent.* No later than **October 30, 2018**, the Debtor shall request non-binding letters of intent outlining the terms on which counter-parties are willing close a Capital Raise Transaction.
- iv. *Deadline for Binding, Closeable Offer.* If, by **November 30, 2018**, the Debtor has not received a binding term sheet for a Capital Raise Transaction acceptable to the Prepetition Secured Lender, the Debtor will focus on the Replacement Lender Transaction and the following milestones shall apply.

Replacement Lender Transaction:

- i. *Letter of Intent.* No later than **January 31, 2019**, the Debtor shall request non-binding letters of intent outlining the terms on which counter-parties are willing close a Replacement Lender Transaction.
- ii. *Deadline for Binding, Closeable Offer.* No later than **February 28, 2019**, the Debtor shall have received a binding closeable offer for a Replacement Lender Transaction in an amount sufficient to satisfy

the Prepetition Loan Obligations in full (which may be in the form of definitive documents or a detailed binding term sheet).

8. Minimum Hedging Requirements: The Debtor shall actively engage in negotiations to put in place and maintain a hedging program with terms acceptable to the Prepetition Secured Lender.

9. Termination: The Debtor's right to use Cash Collateral pursuant to this Order shall terminate (the date of any such termination, the "**Termination Date**") upon the earlier to occur of: (i) February 28, 2019; (ii) the occurrence of any of the Termination Events set forth in clauses (d) or (e) below, and (iii) five (5) business day following the delivery of a written notice (any such notice, a "**Default Notice**") by the Prepetition Secured Lender to the Debtor, counsel to the Debtor, the United States Trustee, of a Default Notice (any such five business day period of time, the "**Default Notice Period**") of the occurrence and continuance of a Termination Event set forth in clauses (a), (b) or (c) below unless such occurrence and continuance is cured by the Debtor prior to the expiration of the Default Notice Period with respect to such clause or such occurrence and continuance is waived in writing by the Prepetition Secured Lender; *provided, however*, that during the Default Notice Period, the Debtor may seek an expedited determination from the Court of whether the actions alleged in the Default Notice actually constitute a violation or material breach of the terms of this Order. In the event that Debtor seeks an expedited determination of whether a breach has occurred, then the Termination Date shall not occur until the Court enters a separate order determining that the acts alleged in the applicable Default Notice in fact constituted a material breach of this Order. Each of the following shall each be considered a "**Termination Event**":

- a. the Debtor violates any term of this Final Order;

b. the Debtor's actual expenditures exceed the amounts set forth in the line items to the Budget or Subsequent Budgets by more than the Permitted Variance, and the Prepetition Secured Lender did not previously consent in writing to such variation from the Budget or Subsequent Budgets, or did not subsequently waive such unauthorized use of Cash Collateral;

c. the Debtor fails to complete any of the AFEs by the deadlines specified in paragraph 7(a) of this Order, subject to Cash availability in an amount not less than the amount stated in the Budget;

d. the Debtor fails to actively contest any motion by any party in interest, other than the Prepetition Secured Lender, seeking termination or modification of the automatic stay as to the Prepetition Collateral; and

e. the entry of an order:

- i. converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code;
- ii. dismissing the Chapter 11 Case;
- iii. without approval of the Prepetition Secured Lender, reversing, vacating, or otherwise amending, supplementing, or modifying this Final Order; or
- iv. invalidating, subordinating, or otherwise sustaining any challenge to the Prepetition Liens, the Adequate Protection Liens, or the Superpriority Claim granted to the Prepetition Secured Lender hereunder.



10. Reservation of Rights. The Prepetition Secured Lender shall not be limited or prohibited by this Final Order (including the occurrence or non-occurrence of any Termination Event or Default Notice Period), or otherwise, in seeking additional adequate protection for the use of Cash Collateral or any other Prepetition Collateral of the Prepetition Secured Lender. Further, nothing in this Final Order is intended to or shall modify any terms or rights of the Prepetition Loan Documents. Furthermore, the Prepetition Secured Lender shall have the right, but not the obligation, to credit bid in any sale of the Debtor's assets, up to the full amount of the Prepetition Secured Lender's secured claim.

11. Notice. Within two (2) business days after entry of this Final Order, Debtor's counsel shall serve a copy of this Final Order on all of the following parties: (a) the Office of the United States Trustee; (b) the Prepetition Secured Lender; (c) all creditors known to the Debtor who have or may assert liens against the Debtor's assets; and (d) all parties-in interest who have filed a notice of appearance.

12. Segregation of Cash Collateral. Until further order of this Bankruptcy Court and for the purposes of this Final Order only, all of the Debtor's cash and all Cash Collateral shall be deposited and held in the Debtor's DIP account at Capital One Bank, N.A. (the "**DIP Account**").

13. Intentionally Omitted.

14. Surcharge Waiver. The Debtor, for itself and on behalf of its bankruptcy estate, hereby waives all rights under sections 506(c) and 552(b) of the Bankruptcy Code against the Prepetition Secured Lender, and shall not seek to charge against any Prepetition Collateral, Postpetition Collateral, Cash Collateral, Replacement Liens, or Superpriority Claim, any costs or expenses that have been incurred, or that may be incurred, during the pendency of the Debtor's bankruptcy case, to preserve or dispose of any Prepetition Collateral or Postpetition Collateral.

Notwithstanding the foregoing, the terms of this Final Order shall be without prejudice to any and all of the Prepetition Secured Lender's rights under the Prepetition Loan Documents, the Bankruptcy Code, and other applicable law.

15. Prior Interim Orders. By this Final Order, to the extent not approved herein, the Court approves on a final basis the terms as set forth under both (a) the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 507, Bankruptcy Rules 2002, 4001, 6003, 6004, and 9014 (I) Authorizing the Debtor's Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Lender, (III) Modifying the Automatic Stay, and (IV) Scheduling Final Hearing* [Docket No. 22] (the "**First Interim Order**"); and (b) *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 507, Bankruptcy Rules 2002, 4001, 6003, 6004, and 9014 (I) Authorizing the Debtor's Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Lender, (III) Modifying the Automatic Stay, and (IV) Scheduling Final Hearing* [Docket No. 42] (the "**Second Interim Order**"); *Third Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 507, Bankruptcy Rules 2002, 4001, 6003, 6004, and 9014 (I) Authorizing the Debtor's Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Lender, (III) Modifying the Automatic Stay, and (IV) Scheduling Final Hearing* [Docket No. 69] (the "**Third Interim Order**"); however, to the extent any term in this Final Order conflicts with a term in any Interim Order, this Final Order controls.

16. Challenge Period and Debtor Stipulations. The Challenge Deadline (as defined in the Second and Third Interim Orders) has passed without a Challenge (as defined in the Second and Third Interim Orders) being asserted or commenced and thus, the Debtor Stipulations are binding on all parties as provided in the Second and Third Interim Orders.

17. Carve-Out. The use of Cash Collateral and replacement liens shall be subject to right of payment of the following expenses (the following subparagraphs, collectively, the "Carve-Out," and all amounts payable in connection therewith, the "Carve-Out Amounts"):

- (a) unpaid post-petition fees and expenses of the Clerk of the Court and statutory fees payable to the U.S. Trustee pursuant to 28 U.S.C. § 1930; and
- (b) unpaid post-petition fees and expenses of professionals of the Debtor but only to the extent such fees and expenses are within the amounts set forth in the Budget approved by the Prepetition Secured Lender for such professional and subsequently allowed by the Bankruptcy Court under sections 330, 331, or 363 of the Bankruptcy Code.

18. Conformity with State Laws, Rules and Regulations. The Debtor shall, at all times, operate in accordance with all laws, rules, and regulations which may be applicable in each jurisdiction where it conducts business and maintains its assets, to keep in effect all permits or licenses which may be required for the operation of the Debtor's business in connection therewith. Further, notwithstanding anything herein to the contrary, the relief granted herein is without prejudice to any rights of the Texas Comptroller of Public Accounts ("Comptroller") to funds which do not constitute property of the estate but which may qualify as trust fund taxes. The Comptroller is not precluded from pursuing such funds by this Order, nor is any party in interest precluded from contesting any action of the Comptroller to recover any such trust funds. Nothing in this Order shall be construed to prevent the Debtor from complying with 28 U.S.C. § 959 and 960 with respect to payment of taxes owed to the Comptroller.

19. Priority of Ad Valorem Property Tax Liens. Nothing in this Order or in any prior order shall be construed to alter the senior priority of ad valorem property tax liens that secure all amounts owed for tax year 2017 and all subsequent tax years pursuant to Texas and/or Oklahoma Law.

20. Successors and Assigns. This Order shall be binding on and inure to the benefit of the Prepetition Secured Lender, the Debtor, and their respective successors and assigns, including, without limitation, any trustee, responsible officer, examiner, estate administrator, or representative, or similar person appointed in a case for the Debtor under any chapter of the Bankruptcy Code. No rights are created under this Order for the benefit of any creditor of the Debtor, any other party in interest in the Debtor's bankruptcy case, or any other persons or entities, or any direct, indirect or incidental beneficiaries thereof.

21. Immediate Effect of Order. The terms and conditions of this Order shall be effective and immediately enforceable upon its entry by the Clerk of the Court notwithstanding any potential application of Bankruptcy Rule 6004(h) or otherwise. Furthermore, to the extent applicable, the notice requirements and/or stays imposed by Bankruptcy Rules 4001(a)(3), 6003(b), and 6004(a) are hereby waived for good and sufficient cause. The requirements of Bankruptcy Rules 4001, 6003, and 6004, in each case to the extent applicable, are satisfied by the contents of the Motion.

22. Modification of Automatic Stay. The Debtor is authorized to perform all acts and to make, execute, and deliver any and all instruments as may be reasonably necessary to implement the terms and conditions of this Final Order and the transactions contemplated hereby. The stay of section 362 of the Bankruptcy Code is hereby modified to permit the Debtor and the Prepetition Secured Lender to perform the transaction and actions contemplated or permitted by this Final Order.

23. Modifications and Waivers. Any of the requirements of this Order, as they apply to the Prepetition Secured Lender, may be modified or waived as agreed in writing by the Prepetition Secured Lender and the Debtor jointly in writing.

24. Retention of Jurisdiction. This Bankruptcy Court shall retain jurisdiction to enforce, implement, and interpret the provisions of this Final Order, the First Interim Order, the Second Interim Order, and the Third Interim Order each according to its terms.

**### END OF ORDER ###**

Prepared by:

/s/ Jason P. Kathman

Jason P. Kathman

State Bar No. 24070036

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**COUNSEL FOR THE DEBTOR  
AND DEBTOR IN POSSESSION**

Approved as to Form and Substance:

/s/ Phillip Lamberson

Phillip Lamberson

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**COUNSEL FOR VERITEX BANK**

**FULCRUM EXPLORATION LLC Cash Flow Projections - 13 Week Forecast**

Weekly Report:	1	2	3	4	5	6	7	8	9	10	11	12	13
Week Ending	09/10/18	09/17/18	09/24/18	10/01/18	10/08/18	10/15/18	10/22/18	10/29/18	11/05/18	11/12/18	11/19/18	11/26/18	12/03/18
	09/14/18	09/21/18	09/28/18	10/05/18	10/12/18	10/19/18	10/26/18	11/02/18	11/09/18	11/16/18	11/23/18	11/30/18	12/07/18
<b>Beginning Cash Balance</b>	\$ 31,965	23,776	22,198	72,265	44,888	28,888	52,174	42,566	28,659	21,659	7,752	42,168	28,761
<b>Sources of Cash</b>													
Oil and Gas Receipts Gross	-	31,922	105,064	-	-	68,640	155,514	-	-	-	178,455	-	-
JIB Rec/Misc Receipts/Non-Op Rev	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Distributions	-	-	(7,628)	-	-	-	(3,200)	-	-	-	(2,200)	-	-
Other, Rev, Borrowings, Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Sources of Cash</b>	-	31,922	97,435	-	-	68,640	152,314	-	-	-	176,255	-	-
							220,954						
<b>Uses of Cash</b>													
Insurance/misc office/sev tax/other	500	500	12,847	500	500	500	12,847	500	500	500	12,847	500	500
Payroll/Management Fees	2,422	27,000	2,422	-	-	2,422	27,000	2,422	-	2,422	27,000	2,422	-
Rent	-	-	-	4,892	-	-	-	-	-	-	4,892	-	4,892
Attorneys/Engineers/Other Consultants	-	-	-	-	-	27,947	4,975	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Field Superintendent/Pumper-Gaugers	4,485	-	17,100	4,485	-	4,485	17,100	4,485	-	4,485	17,100	4,485	-
Ad Valorem Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	7,500	6,000	15,000	5,500	5,500	5,500	20,000	3,000	3,000	3,000	20,000	6,000	6,000
AFE Repairs	-	-	-	12,000	10,000	4,500	-	3,500	3,500	3,500	10,000	-	-
<b>Total Operating Expenses</b>	14,907	33,500	47,369	27,377	16,000	45,354	81,922	13,907	7,000	13,907	91,839	13,407	11,392
<b>Debt &amp; Restructuring Expenses</b>													
Revolver (Principal + Interest)	-	-	-	-	-	-	80,000	-	-	-	40,000	-	-
Attorneys/Other Restructuring Consultants	-	-	-	-	-	-	-	-	-	-	10,000	-	-
Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt &amp; Restructuring Expenses</b>	-	-	-	-	-	-	80,000	-	-	-	50,000	-	-
Total Uses of Cash	14,907	33,500	47,369	27,377	16,000	45,354	161,922	13,907	7,000	13,907	141,839	13,407	11,392
Change in Cash	(14,907)	(1,578)	50,066	(27,377)	(16,000)	23,286	(9,608)	(13,907)	(7,000)	(13,907)	34,416	(13,407)	(11,392)
<b>Ending Cash Balance</b>	\$ <b>23,776</b>	<b>22,198</b>	<b>72,265</b>	<b>44,888</b>	<b>28,888</b>	<b>52,174</b>	<b>42,566</b>	<b>28,659</b>	<b>21,659</b>	<b>7,752</b>	<b>42,168</b>	<b>28,761</b>	<b>17,369</b>

Note: Amounts are estimates and are subject to change.

