



ENTERED
02/28/2017

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:

OTeX RESOURCES, LLC

DEBTOR

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**CASE NO. 17-80033
(Chapter 11)**

**FINAL
AGREED ~~INTERIM~~ ORDER AUTHORIZING DEBTOR-IN-POSSESSION TO OBTAIN
POST-PETITION FINANCING, GRANT SECURITY INTERESTS AND ACCORD
SUPER ADMINISTRATIVE PRIORITY STATUS PURSUANT TO 11 U.S.C. §364
AND GIVING NOTICE OF FINAL HEARING PURSUANT TO BANKRUPTCY
RULE 4001(b)(2) AND (c)(2)**

At Houston, came on for consideration the Debtor's Motion for ~~Interim~~ Order Authorizing Debtor-in-Possession to Obtain Post-Petition Financing, Grant Security Interest, and Accord Super Administrative Priority Status Pursuant to 11 U.S.C. §364 and Giving Notice of Final Hearing Pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2) ("Motion") and the Court, after consideration is of the opinion that the Motion should be granted as set forth herein. The Debtor and Solstice Capital, LLC ("Solstice Capital"), the Debtor's pre-petition factor, have agreed to the terms of this Agreed Order. The Court, accordingly finds that:

1. This Court has core jurisdiction over the Bankruptcy Case, the Motion, and the parties and property affected pursuant to 28 U.S.C. § 1334.

2. Under the circumstances, the notice given by the Debtor of the Motion constitutes due and sufficient notice thereof and complies with Bankruptcy Rule 4001(c).

3. The Debtor is hereby authorized to borrow pursuant to the DIP Financing Agreement (as that term is defined in the Motion) subject to the terms and conditions hereof. The Debtor is authorized and directed to do and perform all acts, to make, execute, and deliver

all instruments and documents, and to pay all fees, that may reasonably be required or necessary for the Debtor's performance of the DIP Financing Agreement to evidence the agreement with Solstice Capital. The DIP Financing Agreement executed by Thomas E. Fereday on the Debtor's behalf shall constitute a valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with the terms of the DIP Financing Agreement, subject to the terms and provisions of this Agreed Order. To the extent of any conflict between the terms of the Motion, DIP Financing Agreement or this Agreed Order, the terms and provisions of this Agreed Order shall control.

4. The Court finds, on the evidence presented at the hearing that the Debtor is unable to obtain adequate unsecured credit allowable under 11 U.S.C. §503(b)(1) as an administrative expense, and a facility in the amount and on the terms provided by the DIP Financing Agreement is unavailable to the Debtor without the Debtor granting Solstice Capital the post-petition liens set forth herein and the super priority claims. The terms of the DIP Financing Agreement, as modified herein, are fair and reasonable, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and is supported by reasonably equivalent value and consideration. The DIP Financing Agreement has been negotiated in good faith and at arm's length between the Debtor and Solstice Capital, LLC.

5. Except as to the Debtor's accounts, Solstice Capital has a first priority secured lien (which stipulation may be challenged by others by the Challenge Deadline) secured by certain categories of collateral identified in Solstice Capital's Proof of Secured Claim, Claim No. 1 in this case, which includes, without limitation, the Debtor's pre-petition equipment, machinery, furniture, fixtures, general intangibles, chattel paper, instruments, and other property described in the Financing Statement attached to Solstice Capital's Proof of Claim and the

proceeds thereof (collectively, the “Solstice Capital Collateral”). The Solstice Capital Collateral may also include “cash collateral.”

6. The Debtor is the operator of certain Oil and Gas leases for properties located in Harris and Chambers Counties, Texas (the “O&G Leases”).

7. The Debtor has a small fleet of vehicle the ownership of is evidenced by certificates of title issues by Texas or another state (the “Vehicles”).

8. The Court finds that Thomas E. Fereday has the authority and is empowered to execute the DIP Financing Agreement on behalf of the Debtor and to bind the Debtor by his signature to the terms of the DIP Financing Agreement, subject to the terms hereof.

9. The Court previously approved an Agreed Interim Order Authorizing Debtor-In-Possession to Obtain Post-Petition Financing on February 13, 2017 and is known as Document 20 of the record. This previous agreed order allowed the Debtor to borrow \$70,000.00 under the terms of the DIP Credit Agreement.

10. On or about February 22, 2017, Solstice Capital advanced the monies to Debtor in accordance with the Agreed Interim Order Authorizing Debtor-In-Possession to Obtain Post-Petition Financing.

11. The Court finds that sufficient notice of the Motion has been given and no other further notice is necessary.

It is, therefore,

ORDERED that the Debtor may draw an amount up to the remaining \$30,000.00 under the DIP Financing Agreement. It is, further,

ORDERED any challenge by the Debtor, the LLC Debtor, any creditor, party in interest, or other non-Debtor party to the validity, perfection, or priority of the security interest and liens

of Solstice Capital, LLC in this case must be commenced by way of adversary proceeding on or before March 15, 2017 (the "Challenge Deadline"). The Challenge Deadline may be extended by the Court for cause if a motion to extend the Challenge Deadline is filed on or before March 15, 2017. If any such parties do not commence an adversary proceeding on or before the Challenge Deadline: (a) all such parties will be deemed to have agreed and acknowledged that Solstice Capital, LLC's liens against and security interests in the Collateral (except as to accounts) are legal, valid, binding, perfected, and otherwise unavoidable in an amount no less than \$175,998.99 (the "Pre-Petition Indebtedness"); and, (b) Solstice Capital, LLC's liens (except as to accounts) shall not be subject to any other or further challenge by any party. Unless a party has commenced an adversary proceeding to challenge the validity, perfection, or priority Solstice Capital, LLC's security interest and liens (except as to accounts) in this case before the Challenge Deadline, no Collateral or Cash Collateral, or the proceeds thereof, shall be used by such party for the purpose of: (a) objecting to or contesting in any manner, or in raising any defenses to, the validity, extent, perfection, priority, or enforceability of any claim held by the Solstice Capital, LLC against the Debtor, or any liens or security interests with respect thereto; (b) preventing, hindering, or delaying Solstice Capital, LLC's enforcement of remedies and collection rights against and upon any of Solstice Capital, LLC's Collateral, except for motions to lift the stay; or, (c) modifying Solstice Capital, LLC's rights under the applicable Loan Documents with the Debtor. It is further,

ORDERED that the claim of Solstice Capital, LLC for its post-petition DIP Financing shall have priority over any and all other administrative expenses pursuant to 11 U.S.C. §364(c)(1) with priority over any and all administrative expenses of the kind specified in 11 U.S.C. §503(b) and 507(b) and over any and all administrative expenses or other claims under 11

U.S.C. §§ 105, 376, 328, 330, 331, 506(c), 507(c), or 726 subject only to the fees required to be paid to the Clerk of the Bankruptcy Court, the U.S. Trustee under 28 U.S.C. §1930(a), attorney's fees for the Debtor's counsel as approved by the Bankruptcy Court, and any administrative claim, if any, by Solstice Capital allowable under the Bankruptcy Code. It is, further,

ORDERED that as additional security for the Post-Petition DIP Financing Solstice Capital, LLC shall be granted a lien on the O&G Leases and the Vehicles. Such liens shall be subject to any valid enforceable pre-petition lien properly filed of record on or before January 31, 2017.

Dated: 2/28/17



HONORABLE MARVIN ISGUR,
UNITED STATES BANKRUPTCY JUDGE

AGREED, ACKNOWLEDGED AND ACCEPTED BY:

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