



*Frank W. Volk*

Frank W. Volk, Chief Judge  
United States Bankruptcy Court  
Southern District of West Virginia

**Dated: November 22nd,  
2017**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF WEST VIRGINIA  
AT CHARLESTON**

<p>In re:  HARD ROCK EXPLORATION, INC., et al.,  Debtors in Possession.<sup>1</sup></p>	<p>Case No. 17-20459 Joint Administration  Chapter 11  Judge Frank W. Volk</p>
---	--

**THIRD INTERIM ORDER AUTHORIZING  
CONTINUED USE OF CASH COLLATERAL BY DEBTORS  
PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE**

This matter came before the Court upon the *Motion for Entry of an Interim Order (A) Authorizing the Interim Use of Cash Collateral By Debtors Pursuant to Section 363 of the Bankruptcy Code; (B) Providing Adequate Protection for the Use of Cash Collateral; and (C) Setting a Final Hearing on the Use of Cash Collateral* (the “Cash Collateral Motion”) [Docket No. 21]. Upon consideration of the Cash Collateral Motion, the objections and responses filed in connection thereto, the arguments and evidence presented in open court by respective counsel for the Debtors, The Huntington National Bank (“HNB”), the Office of the United States Trustee

<sup>1</sup> The Debtors under joint administration in these cases are Hard Rock Exploration, Inc., Caraline Energy Company, Brothers Realty, LLC, Blue Jacket Gathering, LLC and Blue Jacket Partnership.

and the Official Committee of Unsecured Creditors (the “Committee”), and with limited consent by HNB, it is hereby ORDERED as follows:

1. The hearing on the Cash Collateral Motion is hereby CONTINUED for final hearing to December 4, 2017 at 10:00 a.m. at Bankruptcy Courtroom A, 6400 Robert C. Byrd U.S. Courthouse, 300 Virginia Street East, Charleston, WV 25301.

2. HNB’s continuing general objections to the Debtors’ use of cash collateral as stated on the record at the November 15, 2017 hearing are hereby OVERRULED.

3. The Cash Collateral Motion is GRANTED in part as follows:

a. The terms of the *Order Authorizing the Interim Use of Cash Collateral by Debtors Pursuant to Section 363 of the Bankruptcy Code Pending Further Hearing* entered on October 6, 2017 [Docket No. 93] are incorporated herein and shall be given full force and effect.

b. The terms of the *Second Interim Order Authorizing Continued Use of Cash Collateral by Debtors Pursuant to Section 363 of the Bankruptcy Code* entered on November 15, 2017 [Docket No. 202] are incorporated herein and shall be given full force and effect.

c. Subject to the terms of this Order, the interim use of Cash Collateral, as that term is defined in section 363 of the Bankruptcy Code, is extended through December 15, 2017.

d. The Debtors are authorized to pay the items identified on Exhibit A (attached hereto), which expenditures in the aggregate amount to approximately \$68,915.60.

e. The Debtors are authorized to use Cash Collateral as provided for in the budget attached hereto as Exhibit B.

f. In accordance with the budget attached hereto as Exhibit B, the Debtors are authorized to accrue payroll (excluding any compensation for officers) and all related taxes for the period November 15, 2017 through December 15, 2017 and to pay same when due.

g. As adequate protection to HNB to the extent of any diminution in value of its interests in Cash Collateral, HNB is granted a replacement lien in all of the Debtors' pre and post-petition assets, including without limitation, Cash Collateral, to the same priority, validity and extent that HNB held properly perfected pre-petition security interests in such assets.

h. The entry of this Third Interim Order is without prejudice to the claim of HNB for further adequate protection of its claimed security interest in Cash Collateral.

4. This Order shall be effective, *nunc pro tunc*, as of November 15, 2017.

5. All rights of HNB to appeal this Order are expressly preserved and reserved.

Tendered By:

WHITEFORD TAYLOR & PRESTON LLP

/s/ Brandy M. Rapp

Brandy M. Rapp (WV Bar No. 10200)  
114 Market Street, Suite 210  
Roanoke, VA 24011  
Phone: (540) 759-3577  
Fax: (540) 343-3567  
[brapp@wtplaw.com](mailto:brapp@wtplaw.com)

Michael J. Roesenthaler (PA Id. No. 87647)  
200 First Avenue, Third Floor  
Pittsburgh, PA 15222  
(412) 318-5601 Tel.

[mroeschenthaler@wtplaw.com](mailto:mroeschenthaler@wtplaw.com)

*Counsel for Official Committee of Unsecured  
Creditors of Hard Rock Exploration Inc.  
(Application Pending)*

Have Seen:

BUCHANAN INGERSOLL & ROONEY LLP

/s/ Timothy P. Palmer

Christopher P. Schueller (WV Bar No. 11267)

Timothy P. Palmer (WV Bar No. 11275)

One Oxford Centre, 20<sup>th</sup> Floor

301 Grant Street

Pittsburgh, PA 15219

Phone: (412) 562-8800

Fax: (412) 562-1041

[christopher.schueller@bipc.com](mailto:christopher.schueller@bipc.com)

[timothy.palmer@bipc.com](mailto:timothy.palmer@bipc.com)

*Counsel for The Huntington National Bank*

Have Seen:

FOWLER BELL PLLC

/s/ Taft A. McKinstry

Taft A. McKinstry (KY Bar No. 46610)

300 West Vine Street, Suite 600

Lexington, KY 40507-1660

Phone: (859) 252-6700

Fax: (859) 255-3735

[tmckinstry@fowlerlaw.com](mailto:tmckinstry@fowlerlaw.com)

and

HOYER, HOYER & SMITH, PLLC

Christopher S. Smith (WV Bar No. 3457)

22 Capitol Street

Charleston, WV 25301

Phone: (304) 344-9821

Fax: (304) 344-9519

[chris@hhsmlaw.com](mailto:chris@hhsmlaw.com)

*Counsel for Debtors and Debtors in Possession*

Have Seen:

JUDY A. ROBBINS, UNITED STATES TRUSTEE

/s/ S. Alex Shay

Debra A. Wertman (WV Bar No. 3987)

S. Alex Shay (WV Bar No. 13045)

Office of U.S. Trustee

United States Courthouse, Room 2025

300 Virginia Street East

Charleston, WV 25301

Phone: (304) 347-3400

[steven.a.shay@usdoj.gov](mailto:steven.a.shay@usdoj.gov)

[debra.wertman@usdoj.gov](mailto:debra.wertman@usdoj.gov)

**EXHIBIT A**

**Hard Rock Exploration, Inc. and Affiliates  
Post-Petition Unpaid Bills**

Company	Vendor Name	Reason Debt was Incurred	Date Expense		Total Due
			Incurred	Date Due	
HRE	ACC/United Communications	Phone Repair	9/12/2017	9/27/2017	94.16
HRE	Commonwealth of Virginia-State Corporation Commission	Annual Corporation Registration	9/30/2017	9/30/2017	100.00
HRE	Scott Mullins	Registered Agent for Corporation in State of Virginia		9/30/2017	100.00
HRE	Pitney Bowes Global	Postage machine lease	9/11/2017	10/1/2017	360.40
HRE	Ron's Car Clinic, Inc.	Alternator on field truck	9/8/2017	10/8/2017	478.04
HRE	Eagle Research Corporation	Meter work	9/15/2017	10/15/2017	75.00
CEC	POWER PARTS SUPPLY	Maintenance as required by compressor lease	10/3/2017	10/20/2017	1,404.85
HRE	Eagle Research Corporation	Meter work	9/21/2017	10/21/2017	102.78
HRE	Eagle Research Corporation	Meter work	9/21/2017	10/21/2017	229.81
BJG	Spint Services, Inc.	Hauling of liquids	9/30/2017	10/30/2017	926.25
CEC	TIME CRITICAL DECISIONS, LLC	Electronic Meter Reading	9/30/2017	10/30/2017	12.55
HRE	C. L. RITTER LUMBER COMPANY, INC	Taxes owed to royalty owner-Lease required	10/10/2017	10/31/2017	3,221.26
HRE	Melvin Harvey	Contract Well Tending-Virginia	10/1/2017	10/31/2017	2,028.00
HRE	Pi Star Communications, LLC	Electronic Meter Reading	10/17/2017	10/31/2017	1,479.00
HRE	WELLS FARGO FINANCIAL LEASING	Copy machine lease	9/30/2017	10/31/2017	410.60
HRE	OGSYS	Accounting software support and updates	10/1/2017	11/1/2017	6,030.00
HRE	Larch Oil & Gas	Brine Disposal (emptied 3 tanks)	11/6/2017	11/6/2017	900.00
HRE	Purchase Power	Postage	9/27/2017	11/12/2017	300.00
HRE	MARK WEST HYDROCARBON, LLC	Gathering fees-Cobb Station	10/27/2017	11/15/2017	9,549.99
HRE	KOMAX LLC	IT Support	10/31/2017	11/20/2017	245.25
HRE	Appalachian Power	Utility	11/7/2017	11/28/2017	389.76 *
Brothers	Appalachian Power	Utility	11/7/2017	11/28/2017	15.26 *
HRE	Frontier	Utility	11/4/2017	11/28/2017	50.41 *
BJG	USA Compression	Compressor Lease	11/1/2017	11/30/2017	5,570.00
HRE	VUPS	Line locate	10/31/2017	11/30/2017	42.00
HRE	WELLS FARGO FINANCIAL LEASING	Copy machine lease	10/30/2017	11/30/2017	242.89
HRE	WV Division of Motor Vehicles	License for 2011 Chevy Truck		11/30/2017	51.50
HRE	Miss Utility of WV, Inc.	Line Locate Notifications	10/31/2017	11/30/2017	38.20
HRE	Matthew G. Beckett	Mapping for TransCanada Pipeline	11/1/2017	12/1/2017	200.00
HRE	M2M Data Corporation	Electronic Meter Reading	11/1/2017	12/1/2017	12,726.60
HRE	Buchanan County Treasurer	Property Taxes for Virginia wells	10/16/2017	12/5/2017	20,946.77
HRE	Crestwood Transportation, LLC	Hauling of hydrocarbons	11/7/2017	12/7/2017	594.27

\* Authorized to pay by prior order

**\$68,915.60**

**EXHIBIT B**

**Hard Rock Exploration, Inc. and Affiliates  
Cash Projections November 15 thru December 15, 2017**

	Nov. 15 thru Nov. 30, 2017	Dec. 1 thru 15, 2017
Beginning Cash @ November 15, 2017	243,111	986,039
Stand Energy Wire due for September Production	368,378	
<b><u>Projected Deposits/Income</u></b>		
Gas Sales-October Production	478,000	
Oil Sales		
Liquids Sales-October Production	3,970	
<b>Total Cash Available</b>	<b>1,093,458</b>	<b>986,039</b>
<b><u>Expenses-HRE</u></b>		
Gross Payroll	32,500	16,250
Employer's Payroll Taxes	2,621	1,311
Auto/Umbrella/Liability/Workers Comp.	8,826	4,163
Property Insurance	1,530	765
Medical/Dental/Vision		8,238
IOGA Dues		850
Office Utilities	750	1,000
Office Equipment Lease Payments	650	650
Postage	100	100
Office Supplies	500	500
Other Office Expenses including IT Support	500	500
Auto Lease Rent	-	3,164
ATV Lease Rent		740
Fuel and Maintenance Autos	1,200	1,200
Chart Intergration/Electronic Meter Reading (M2M, PiStar, and R. L. Laughlin)	15,150	7,575
Trucking of Liquids	1,800	900
Gathering Charges-Mark West	9,550	9,550
Severance Tax-WV	16,000	
Severance Tax-VA	675	
Property Taxes-Buchanan Co., VA		20,947
Professional and Attorney Fees		
Software-Accounting System	6,030	
Contract Well Tending	2,050	2,050
Line Locates	80	40
Other Well Maintenance Expense	1,000	1,000
<b><u>Expenses-Caraline</u></b>		
Utilities	130	130
Compressor Rental	-	20,750
Maintenance for Power Parts Compressors	1,405	14,000
Trucking of Liquids	1,000	1,000
Other Repairs & Maintenance	1,200	1,200
<b><u>Expenses-Blue Jacket Partnership</u></b>		
Compressor Rental	-	5,570
Trucking of Liquids	926	1,500
Repairs and Maintenance	1,200	1,200
<b><u>Expenses-Blue Jacket Gathering*</u></b>		
Utilities	30	30
<b><u>Expenses-Brothers Realty</u></b>		
Utilities	16	16
<b>Total Cash Expenditures</b>	<b>107,419</b>	<b>126,889</b>
<b>Ending Cash Balance</b>	<b>986,039</b>	<b>859,151</b>

Note: This projection does not include allowances for 3rd and 4th Quarter Revenue Distribution

\* Blue Jacket Gathering's income is generated through Hard Rock Exploration's revenue distribution. Blue Jacket Gathering will not have cash income until after distribution is processed. The working interest expenses are paid by Hard Rock and billed during the distribution process.