



Frank W. Volk

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

**Dated: December 21st,
2017**

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

<p>In re:</p> <p>HARD ROCK EXPLORATION, INC., et al.,</p> <p style="text-align: center;">Debtors in Possession.¹</p>	<p>Case No. 17-20459 Joint Administration</p> <p>Chapter 11</p> <p>Judge Frank W. Volk</p>
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**FOURTH 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 and

¹ 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.

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 27, 2017 at 1:30 p.m. at Bankruptcy Courtroom A, 6400 Robert C. Byrd U.S. Courthouse, 300 Virginia Street East, Charleston, WV 25301.

2. 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. The terms of the *Third Interim Order Authorizing Continued Use of Cash Collateral by Debtors Pursuant to Section 363 of the Bankruptcy Code* entered on November 22, 2017 [Docket No. 218] are incorporated herein and shall be given full force and effect.

d. 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 31, 2017.

e. The Debtors are authorized to pay the items identified in the budget marked as Exhibit A (attached hereto).

f. In accordance with the budget attached hereto as Exhibit A, the Debtors are authorized to accrue payroll (excluding any compensation for officers) and all related taxes for the period December 15, 2017 through December 31, 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 Fourth Interim Order is without prejudice to the claim of HNB for further adequate protection of its claimed security interest in Cash Collateral.

3. This Order shall be effective, *nunc pro tunc*, as of December 15, 2017.

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

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EXHIBIT A

**Hard Rock Exploration, Inc. and Affiliates
Monthly Cash Receipts**

Total Cash Receipts	487,000	
Less: Royalty and Overriding Interests*	60,875	
Net Cash Receipts		<u>426,125</u>
Less:		
Gathering/Transportation Fees	124,000	
Severance Tax	17,500	
Allocable Well Expenses:		
Management Fees	160,000	
Property Taxes	27,200	
Environmental Fees	2,450	
Emptying Tanks and Liquids Disposal	1,000	
Fuel and Truck Expenses for Well Maintenance	11,170	
Monitoring Fees	15,100	
Contract Well Tending	2,100	
Misc. Maintenance-Meter Charts and Pens, Soap Sticks, Meter Repairs, e	3,655	
		<u>222,675</u>
Net Cash Receipts for Working Interest		61,950
Hard Rock Exploration Working Interest*	7,500	
Blue Jacket Gathering Working Interest*	100	
All Other Working Interest*	54,350	
		<u>61,950</u>

* Not distributed, pending Bankruptcy Court Order

**Hard Rock Exploration, Inc. and Affiliates
Monthly Budget**

<u>Income-HRE</u>	
Gas Sales-WI	7,500
Oil Sales-WI	217
Liquids Sales-WI	311
Well Management Fees	115,000
<u>Income-CEC</u>	
Gathering/Transportation Fees	98,000
Gathering Fees from Third Party Gas	1,100
<u>Income-BJG</u>	
Gas Sales-WI	100
<u>Income-BJP</u>	
Gathering/Transportation Fees	16,000
Total Cash Available	238,228
 <u>Expenses-HRE</u>	
Gross Payroll	32,500
Employer's Payroll Taxes	2,621
Auto/Umbrella/Liability/Workers Comp.	8,826
Property Insurance	1,530
Medical/Dental/Vision	17,200
Office Utilities	2,800
Office Equipment Lease Payments	650
Postage	1,200
Office Supplies	1,500
Other Office Expenses	1,000
IT Support	7,500
Trucking of Liquids	1,800
Professional and Attorney Fees	-
Miscellaneous Expense	950
Building Maintenance	750
Line Locates	80
Unanticipated Expenses	3,500
Other Expense-Sept Am Exp Charges for Check Stock and Envelopes	364
Total	84,771
 <u>Expenses-Caraline^</u>	
Utilities	280
Compressor Rental	20,750
Maintenance for Power Parts Compressors	14,000
Trucking of Liquids	1,000
Other Repairs & Maintenance	5,000
Total	41,030
 <u>Expenses-Blue Jacket Partnership</u>	
Compressor Rental	5,570
Trucking of Liquids	1,500
Repairs and Maintenance	5,000
Total	12,070
 <u>Expenses-Blue Jacket Gathering*</u>	
Utilities	30
 <u>Expenses-Brothers Realty</u>	
Utilities	16
Total Expenditures	137,917
Ending Balance	100,311

^ Expenses for overhead are currently not being allocated to Caraline Energy

* 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.