



IT IS HEREBY ADJUDGED and DECREED that the below described is SO ORDERED.

Dated: June 25, 2009

Craig A. Gargotta
CRAIG A. GARGOTTA
UNITED STATES BANKRUPTCY JUDGE

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

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In re	:	Chapter 11
	:	
CRESCENT RESOURCES, LLC, et. al.,	:	Case No. 09-11507 (CAG)
	:	
Debtors.	:	Jointly Administered
	:	
	:	
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**INTERIM ORDER ON THE MOTION OF THE DEBTORS
PURSUANT TO SECTIONS 105(a), 363(b), 503(b)(1), AND 1107(a) OF
THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6003 and 6004 FOR
AUTHORIZATION TO PAY, IN THE ORDINARY COURSE OF BUSINESS, (I)
CERTAIN PREPETITION LIEN CLAIMS, (II) CERTAIN ADMINISTRATIVE
EXPENSE CLAIMS, AND (III) CERTAIN OTHER PREPETITION CLAIMS**

Upon the motion (the "Motion") of Crescent Resources, LLC ("Crescent Resources"), and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors"), for an order pursuant to sections 105(a),

363(b), 503(b)(1), and 1107(a) of the Bankruptcy Code,¹ authorizing the Debtors' payment, in the ordinary course, and in the Debtors' discretion and business judgment, of certain Lien Claims, 503(b)(9) Claims, Reclamation Claims, and Prepetition Claims, in the same manner as in effect prior to the commencement of the Debtors' chapter 11 cases, as more fully set forth in the Motion; and upon consideration of the supporting Declaration of Kevin H. Lambert in Support of the Debtors' Chapter 11 Petitions and First Day Motions; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the relief requested in the Motion being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted on an interim basis; and it is further

ORDERED that, pursuant to sections 105(a), 363(b), 503(b)(1), and 1107(a) of the Bankruptcy Code, the Debtors' are authorized, but not directed, to pay prepetition amounts owed to the Claimants, in the Debtors' discretion and in accordance with the terms of such obligations; provided, however, that if an official committee of unsecured creditors is appointed

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

in these chapter 11 cases (the “Creditors’ Committee”), the Creditors’ Committee shall have until July 15, 2009, to object to the relief requested in the Motion, and if the Creditors’ Committee timely objects, the Motion shall be set for final hearing on July 22, 2009. Absent a timely objection filed by the Creditors’ Committee, the relief granted by this Order shall become final on July 16, 2009; and it is further

ORDERED that the Debtors are authorized to make payments, in their discretion, to Claimants, pursuant to the following Payment Procedures:

- (i) Authority to Pay Lien Claims: The Debtors shall have the authority, after consultation with the BOA as agent for the Lenders, to pay Lien Claims when they believe imposition of a Lien would unduly disrupt their business, provided, however, that, with respect to each Lien Claim: (i) the Debtors shall not pay a Lien Claim unless the Lien Claimant has perfected or, in the Debtors’ judgment, is presently capable of perfecting or will be capable of perfecting in the future a lien or liens with respect to the claim; (ii) the payment of the Lien Claim shall be made with a full reservation of rights regarding the extent, validity, perfection or possible avoidance of any liens; (iii) the Lien Claim shall be paid by check or wire transfer of funds; and (iv) the Lien Claimant agrees that upon payment of its Lien Claim it will (a) promptly release any filed liens and properly record such release(s), or (b) for liens that have not yet been filed, properly record documentation in accordance with applicable law reflecting full payment and satisfaction of the applicable Lien Claim. In any event, upon payment to a Lien Claimant on account of a Lien Claim, such Lien Claim and the underlying lien shall be forever released, extinguished, and expunged, regardless of whether the Lien Claimant records the release of such lien or Lien Claim or takes any other action regarding such lien or Lien Claim.
- (ii) Authority to Pay 503(b)(9) Claims, Reclamation Claims, and Prepetition Claims: When feasible and appropriate in the Debtors’ business judgment, the Debtors are authorized to satisfy a 503(b)(9) Claim, Reclamation Claim, or Prepetition Claim from available funds on the following conditions: (i) the payment of such claim shall be paid by check or by wire transfer of funds and (ii) the payment of such claim shall be made with a full reservation of rights regarding the extent or validity of such claim. In any event, upon payment to a Claimant on account of a 503(b)(9) Claim, Reclamation Claim, or Prepetition Claim, such claim shall be forever released, extinguished, and expunged, regardless of whether the Claimant takes any other action regarding such claim.

- (iii) Agreed Trade Terms: The Debtors may condition payment of a Claim on the agreement of the Claimant to continue extending credit and supplying goods and/or services to the Debtors on Customary Trade Terms. The Debtors also reserve the right to negotiate new trade terms with any Claimant as a condition to payment of any Claim. The Debtors shall have the right, on a case-by-case basis, to request written acknowledgement from a Claimant of the trade terms to which the parties have agreed; provided, however, that the Debtors shall not be required to obtain such written acknowledgement, and the failure to procure such written acknowledgement shall not reflect the absence of Claimants' agreement to provide Customary Trade Terms.
- (iv) Breach of Agreed Trade Terms: To the extent a Claimant refuses to comply with the agreed trade terms, (i) any payment on a Claim received by such Claimant shall be deemed to be an unauthorized voidable postpetition transfer under section 549 of the Bankruptcy Code and, (ii) upon recovery by the Debtors, any such Claim shall be reinstated as if the payment had not been made, less the Debtors' reasonable costs in recovering such amounts.
- (v) Order Transmittal: The Debtors shall transmit a copy of this Order to each Claimant receiving any payment permitted hereunder.
- (vi) Order Acceptance: A Claimant's acceptance of payment for a Claim is deemed acceptance of the terms of this Order.
- (vii) Payment Summaries: The Debtors shall maintain a summary list of all payments to Claimants, and the Debtors shall provide updated copies of such list on a monthly basis with the Debtors' Monthly Operating Report to the Office of the United States Trustee for the Western District of Texas, counsel to the BOA as agent for the Lenders, and any statutory committee appointed in these cases.

and it is further

ORDERED that the Debtors are authorized to obtain written verification of trade terms to be supplied by the Claimants before issuing payment hereunder; and it is further

ORDERED that, nothing in this Order nor any action taken by the Debtors in furtherance of the implementation thereof shall be deemed an approval of the assumption or rejection of any executory contract pursuant to section 365 of the Bankruptcy Code; and it is further

ORDERED that the authorization granted hereby to pay the Claims shall not create any obligation on the part of the Debtors or their officers, directors, attorneys, or agents to pay the Claims, none of the foregoing persons shall have any liability on account of any decision by the Debtors not to pay a Claim, and nothing contained in this Order shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect the Claims to the extent they are not paid; and it is further

ORDERED that no claimant who receives payment on account of a Claim is permitted to file or perfect a lien, reclamation claim, or a claim under section 503(b)(9) of the Bankruptcy Code on account of such Claim, and any such claimant shall take at the claimant's expense all necessary action to remove any existing lien or withdraw such reclamation claim or 503(b)(9) claim relating to such Claim, even if the lien, reclamation claim, or 503(b)(9) claim is against property of a non-Debtor; and it is further

ORDERED that all applicable banks and other financial institutions are hereby authorized and required, when requested by the Debtors, to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors under this Order whether presented prior to or after the Commencement Date. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Order; and it is further

ORDERED that, notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any person; and it is further

ORDERED that nothing herein shall change the nature or priority of the underlying Claims; and it is further

ORDERED that nothing in this Order shall be deemed either a grant of administrative priority expense status to, or authority to pay, any amounts that are disputed by the Debtors; and it is further

ORDERED that nothing contained in this Order shall constitute a waiver of the Debtors' right to seek damages or other appropriate remedies against any breaching Claimant; and it is further

ORDERED that nothing contained in this Order shall be construed as a waiver by the Debtors of their rights to contest any claim or invoice of a holder of a Claim under applicable law; and it is further

ORDERED that nothing in this Order shall prohibit the Debtors from seeking Court authority to increase the prepetition amounts authorized to be paid hereunder; and it is further

ORDERED that the requirements of Bankruptcy Rule 6003 is satisfied by the contents of the Motion and notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, or 9014, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion; and it is further

ORDERED that this Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation or implementation of this Order.

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