

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

IN RE	§	
	§	CASE No. _____
CANO PETROLEUM, INC., ET AL.	§	JOINTLY ADMINISTERED
	§	
Debtors.	§	(CHAPTER 11)

**ORDER AUTHORIZING THE DEBTORS (A) TO PAY PREPETITION
WAGES, SALARIES AND PAYROLL TAXES, (B) TO REIMBURSE EMPLOYEES
FOR PREPETITION BUSINESS EXPENSES, AND
(C) TO HONOR EXISTING BENEFIT PLANS AND POLICIES
AT THEIR DISCRETION IN THE ORDINARY COURSE OF BUSINESS**

Having considered the Debtors' *Emergency Motion to (A) Approve Pre-Petition Wages, Salaries and Payroll Taxes; (B) to Reimburse Employees for Pre-Petition Business Expenses; and (C) to Honor Existing Benefit Plans and Policies at Their Discretion in the*

Ordinary Course of Business (the “Motion”)¹; *the Declaration of James R. Latimer, III in Support of Voluntary Petitions, First-Day Motions and Designation as Complex Bankruptcy Case*; and the evidence and arguments presented at the hearing, the Court finds that: (a) jurisdiction over the matters in the Motion is proper pursuant to 28 U.S.C. §§ 1334 and 157; (b) venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409; (c) proper and adequate notice of the Motion is provided and no further notice is needed; (d) the relief sought in the Motion is in the best interest of the Debtors’ estates, their creditors and all parties-in-interest; and (e) good and sufficient cause exists for granting the relief requested in the Motion. Accordingly, it is

ORDERED that the Motion hereby is **GRANTED**. It is further

ORDERED that the Debtors are authorized, but not directed, to continue to administer all of the Employee Obligations in the ordinary course of business, at their discretion. It is further

ORDERED that the Debtors are authorized, but not directed, to pay all Compensation Obligations and Credit Card Obligations, in the ordinary course of business pursuant to and in accordance with the budget for the use of cash collateral approved by this Court. It is further

ORDERED that the Debtors are authorized, but not directed, to honor and continue the Benefit Obligations and Benefit Programs, in the ordinary course of business, at their discretion. It is further

¹ All capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

ORDERED that all payments made by the Debtors in connection with the Compensation Obligations, Reimbursement Obligations, Payroll Tax Obligations, Benefit Deductions, and/or Credit Card Obligations hereby are **APPROVED** and ratified. It is further

ORDERED that the banks on which checks are drawn or electronic payment requests are made are authorized (a) to receive, process, honor, and pay all checks presented for payment and related to the Employee Obligations provided that sufficient funds are available in the Debtors' bank accounts to cover such payments; and (b) to rely on the representations of the Debtors as to which checks are permitted to be paid pursuant to this Order. It is further

ORDERED that the Debtors hereby are authorized, but not directed, to issue post-petition checks, to effect the post-petition funds transfer requests in replacement of any checks or fund transfer requests with respect to their Employee Obligations dishonored or denied as a consequence of the commencement of this Case. It is further

ORDERED that the Debtors are authorized, but not directed, to pay any costs or penalty incurred by any employee in the event that a check issued by the Debtors for payment of an Employee Obligation is inadvertently not honored because of the filing of this Case. It is further

ORDERED that nothing in this order or the Motion shall be construed as prejudicing any rights the Debtors may have to dispute or contest the amount, or the basis for any claims against the Debtors in connection with or related to the claims addressed by this Order. It is further

ORDERED that, notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be effective immediately and enforceable upon its entry. It is further

ORDERED that the Debtors, their officers, employees, and agents, are authorized to take or refrain from taking such acts as are necessary and appropriate to implement and effectuate the relief requested herein. It is further

ORDERED that this Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order.

###END OF ORDER###