

3. This Court has jurisdiction with respect to this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Debtors' chapter 11 cases in this district is proper pursuant to 28 U.S.C. §§ 1408.

4. By this Application Debtors seek to employ the law firm of Jordan, Hyden, Womble, Culbreth & Holzer, P.C., as Debtors' bankruptcy counsel.

5. In the operation and management of the assets of the Debtors, and in connection with continuing duties and responsibilities of the Debtors, numerous legal questions and matters will arise, which require the services and advice of attorneys. The Debtors have selected the law firm of Jordan, Hyden, Womble, Culbreth & Holzer, a Professional Corporation (herein the "Firm") of Corpus Christi, Texas, to serve as its counsel for the reason that the Firm's members have had much experience in matters of this character and are well qualified to represent the Debtors.

6. The proposed professional services the Firm is to render as Debtors' counsel include:

- (a) Assistance to the Debtors in the counseling and professional advice regarding continued operation of their businesses and management of its property and duties and responsibilities as Debtor;
- (b) Assistance to the Debtors in preparing all schedules and statements required pursuant to Title 11 of the United States Code;
- (c) Assistance to the Debtors in preparing on behalf of the Debtors all necessary applications, notices, answers, adversaries, orders, reports and other legal papers regarding the Debtors' obligations and operations under Chapter 11;

- (d) Assistance to the Debtors in the negotiation of a Plan satisfactory to parties in interest, and to prepare a Disclosure Statement which will be submitted to parties in interest; and
- (e) Assistance to the Debtors in performing all other legal services for Debtors as may be necessary and appropriate to advise, instruct, assist or otherwise perform the duties of Debtors and Debtors in possession in a Chapter 11 case.

7. The Firm was first contacted by the Debtors in May, 2006, for the provision of legal services.

8. Prior to filing these bankruptcy cases, the Firm billed Debtors and were paid in the ordinary course of business a total of \$123,539.50 as compensation for fees earned and reimbursement for expenses incurred.

9. On or about January 12, 2007, Firm received a retainer of \$75,000.00, which funds were deposited in Firm's trust account. Firm's invoice of January 18, 2007, totaling \$65,957.50 was drawn from the retainer and paid to firm prior to filing these cases.

10. The filing fees for these five cases were paid by Firm and Firm has reimbursed the filing fee out of the retainer.

11. The balance of the retainer in the Firm's Trust Account is \$9,042.50.

12. The Firm expects to be paid by Debtors on a monthly basis, 80% of fees and 100% of expenses, pursuant to the terms of a motion filed with the Court for approval of such interim compensation, if that motion is approved. This procedure for interim compensation is identical to arrangements previously approved by this Court. Firm will file an interim fee application with the Court approximately every four months.

13. The hourly rates to be charged are the normal hourly rates charged by the Firm for the classes of persons named in matters such as the matter for which the Debtors have retained Firm, and those hourly rates are subject to periodic adjustment to reflect economic, experience and other factors. Debtors believe these agreed hourly rates of compensation are reasonable, as follows:

<u>Attorneys</u>	<u>Hourly Rate</u>
Shelby A. Jordan	\$425.00
Harlin C. Womble, Jr.	\$375.00
Nathaniel Peter Holzer	\$325.00
Kenneth Culbreth	\$325.00
Kevin Franta	\$275.00
Michael Urbis	\$275.00
<u>Legal Assistants</u>	
Barbara Smith	\$135.00
Shaun Jones	\$125.00

14. In view of the interrelationships between the Debtors, and the potential for conflicts (particularly as between PALCO and ScoPac), ScoPac has retained separate bankruptcy counsel. Applicants expect that they and Firm will cooperate with ScoPac and its counsel where one or more of Applicants' interests are aligned with those of ScoPac, and to endeavor, wherever possible, to avoid duplication of effort. Because of the common interests of and close cooperation expected between Applicants and ScoPac and their respective counsel, counsel have entered into a joint-defense type information-sharing agreement.

15. Applicants recognize that there may be certain technical conflicts inherent in Firm concurrently representing Development, PALCO, Britt, Scotia Inn, and Salmon Creek. Their respective operations are related and they have and may in the future have certain contractual and other business relationships with one another.

16. Nonetheless, Applicants perceive such conflicts to be non-material for practical purposes, and believe that their interests and strategies are fundamentally aligned for purposes of bankruptcy and relevant litigation advice. Accordingly, Applicants believe it is to their advantage to employ one firm as bankruptcy counsel for both economic and administrative efficiency. Each of the Applicants accordingly has agreed in writing to waive any conflict of interest that is or may be created by Firm's concurrent representation of Applicants.

17. Notwithstanding the foregoing, Applicants have agreed that if Firm determines that it is necessary or desirable to have separate counsel for one or more of Applicants on any particular matter because of material conflicting interests, Firm will so recommend to Applicants, and, upon such recommendation, one or more Applicants will seek Court approval to retain independent counsel for such matter as appropriate.

18. Except as stated above, to the best of Firm's and the Debtors' knowledge and belief, the Firm has no connection of any kind or nature with the creditors or other parties to this case, or their respective attorneys, which is adverse to the interests of the Debtors. See Affidavit of Nathaniel Peter Holzer attached hereto.

19. The retention and employment of Firm would be to the material benefit of the Debtors and would aid in the prompt and satisfactory submission and carrying into effect of a Plan.

WHEREFORE, PREMISES CONSIDERED, Debtors request that this Court approve their retention and employment of the law firm of Jordan, Hyden, Womble, Culbreth & Holzer, P.C. as counsel for the Debtors, to perform services as needed, on the terms indicated, and for such other and further relief, as may be just and equitable.

Dated: January 18, 2007

Respectfully submitted,

Scotia Development, LLC

_____/s/_____
by: James Shanks, President

The Pacific Lumber Company
Britt Lumber Co., Inc.
Salmon Creek LLC
Scotia Inn LLC

_____/s/_____
by: Gary Clark, VP & CFO