**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: MILAGRO HOLDINGS, LLC, *et al.*, Debtors.[1]	Chapter 11 Case No. 15-11520 (KG) (Jointly Administered) **Hearing Date: September 1, 2015, at 2:00 p.m. (ET)** **Objection Deadline: August 21, 2015, at 4:00 p.m. (ET)** **Ref. Docket No. 65**

<u>NOTICE OF FILING OF CERTAIN EXHIBITS TO DISCLOSURE STATEMENT</u>

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (II) COUNSEL TO TPG SPECIALTY LENDING, INC., THE ADMINISTRATIVE AGENT UNDER THE DEBTORS' PRE-PETITION SECURED CREDIT FACILITY AND AGENT UNDER THE DEBTORS' PROPOSED DEBTOR-IN-POSSESSION FINANCING FACILITY; (III) COUNSEL TO CERTAIN INITIAL CONSENTING NOTEHOLDERS; (IV) THE DEBTORS' 30 LARGEST UNSECURED CREDITORS ON A CONSOLIDATED BASIS; (V) COUNSEL TO THE INITIAL EQUITY HOLDERS; (VI) COUNSEL TO WHITE OAK; AND (VII) ALL PARTIES REQUESTING NOTICE IN THESE CHAPTER 11 CASES PURSUANT TO BANKRUPTCY RULE 2002.

PLEASE TAKE NOTICE that, on July 22, 2015, the above-captioned debtors and debtors in possession (collectively, the "<u>Debtors</u>") filed the *Disclosure Statement for the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 65] (the "<u>Disclosure Statement</u>").

PLEASE TAKE FURTHER NOTICE that attached hereto are the following exhibits to the Disclosure Statement, each of which was to be provided subsequent to the Disclosure Statement's filing:

- **<u>Exhibit B</u>: Financial Projections**
- **<u>Exhibit D</u>: Unaudited Liquidation Analysis of the Debtors**
- **<u>Exhibit E</u>: Pro Forma Consolidated Balance Sheet and Comparison of Total Proved PV10 to Assumed Plan Values**

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Milagro Holdings, LLC (7232); Milagro Oil & Gas, Inc. (7173); Milagro Exploration, LLC (9260); Milagro Producing, LLC (9330); Milagro Mid-Continent, LLC (8804); and Milagro Resources, LLC (6134). The Debtors' mailing address is 1301 McKinney Street, Suite 500, Houston, Texas 77010.

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Disclosure Statement is scheduled to be held on **September 1, 2015, at 2:00 p.m. (ET)** before the Honorable Kevin Gross in the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 6th Floor, Courtroom No. 3, Wilmington, Delaware 19801.

Dated: Wilmington, Delaware
August 3, 2015

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EXHIBIT B

Financial Projections

Financial Projections[1]

Introduction

Under the Plan, the Debtors will effectuate the Contribution Agreement Transaction. Following the Contribution Agreement Transaction, and the satisfaction of all Claims required under the Plan, the Reorganized Debtor will own the Milagro Interests, and its business operations will be primarily conducted through White Oak.

The Bankruptcy Code permits a plan to be confirmed only if confirmation is not likely to be followed by liquidation or the need for further financial reorganization, except as contemplated by the proposed plan. For purposes of determining whether the Plan meets this requirement, the Debtors prepared projections for the period from September 30, 2015, to December 31, 2015, and the calendar years 2016 through 2018 (the "Projection Period") to present the anticipated impact of the Plan and consistent with the foregoing scope of the Reorganized Debtor's operations following the Effective Date. The projections assume that the Plan will be implemented in accordance with its stated terms. The Debtors are unaware of any circumstances as of the date of this Disclosure Statement that would require the re-forecasting of the projections due to a material change in the Debtors' prospects.

THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH THEIR BUSINESS PLANS, BUDGETS, OR STRATEGIES OR MAKE EXTERNAL PROJECTIONS OR FORECASTS OF THEIR ANTICIPATED FINANCIAL POSITIONS OR OF THE RESULTS OF THEIR OPERATIONS. ACCORDINGLY, THE DEBTORS DO NOT ANTICIPATE THAT THEY WILL, AND DISCLAIM ANY OBLIGATION TO, (I) FURNISH UPDATED BUSINESS PLANS, BUDGETS, OR PROJECTIONS TO HOLDERS OF CLAIMS OR INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO STOCKHOLDERS AFTER THE EFFECTIVE DATE, (II) INCLUDE SUCH INFORMATION IN DOCUMENTS REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STOCK EXCHANGE, OR (III) OTHERWISE MAKE SUCH INFORMATION PUBLICLY AVAILABLE.

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[1] Capitalized terms used, but not otherwise defined herein, have the meaning given to them in the Disclosure Statement or the Plan.

A. Projections for the Reorganized Debtor

The projections for the Reorganized Debtor should be read in conjunction with the assumptions, qualifications, and explanations set forth herein and in the Disclosure Statement.

Reorganized Milagro Forecast

September 30, 2015 to December 31, 2018

$ in thousands

	Reorganized Milagro Forecast			
	Sep 30 - Dec 31, 2015	2016	2017	2018
Receipts				
White Oak Cash Contribution	120,000.0	-	-	-
Indemco Surety Bond Collateral	7,523.4	-	-	-
Insperity Payroll Cash Collateral	400.0	200.0	-	-
Utility Deposits	64.0	-	-	-
Gueydan - Mutual of Omaha LC Cash Collateral	455.9	-	-	-
Rights Offering Proceeds	11,281.3	-	-	-
Total Net Revenue Receipts/(Disbursements)	*139,724.6*	*200.0*	-	-
TOTAL NET RECEIPTS	**139,724.6**	**200.0**	**-**	**-**
Disbursements				
Wind-Down Payroll	506.3	143.2	-	-
Severance	4,017.4	385.6	-	-
Restructuring Recognition Awards	-	814.0	-	-
Accrued & Unpaid Vacation Pay-Out	477.7	121.5	-	-
Office Rent	263.0	40.0	-	-
Office Space and Equipment (Excluding Rent)	120.0	110.0	-	-
Contract Services/Ordinary Course Professionals	105.0	215.0	-	-
Plan Release Consideration	1,000.0	-	-	-
Other Secured Claims	1,500.0	-	-	-
Other Chapter 11 Admin & Priority	3,067.8	-	-	-
Advance Payment to ACON re: White Oak Board	2,000.0	-	-	-
On-Going Milagro Costs	35.3	273.0	245.0	227.0
TOTAL DISBURSEMENTS	**13,092.4**	**2,102.3**	**245.0**	**227.0**
OPERATING CASH FLOW	**126,632.2**	**(1,902.3)**	**(245.0)**	**(227.0)**
Restructuring and Other One-Time				
Professional Fees - Debtor	2,454.0	285.0	-	-
Professional Fees - 1st Lien	200.0	-	-	-
Professional Fees - Consenting Noteholders	5,712.5	-	-	-
Professional Fees - Other	606.5	-	-	-
US Trustee Fees	45.0	10.0	-	-
TOTAL RESTRUCTURING AND OTHER ONE-TIME	**9,018.0**	**295.0**	**-**	**-**
1st Lien Debt/DIP				
Principal Paydown- Amortization	102,250.9	-	-	-
Principal Paydown- DIP Revolver	14,450.0	-	-	-
TOTAL 1ST LIEN DEBT/DIP	**116,700.9**	**-**	**-**	**-**
NET CASH FLOW	**913.3**	**(2,197.3)**	**(245.0)**	**(227.0)**
Cash Balance				
Beginning Book Balance	1,756.0	2,669.3	472.0	227.0
Net Cash Flow	913.3	(2,197.3)	(245.0)	(227.0)
Ending Book Balance	**2,669.3**	**472.0**	**227.0**	**0.0**

B. Projections for the Reorganized Debtor: Summary of Significant Assumptions

The Debtors, with the assistance of various professionals, prepared the projections for the Reorganized Debtor for the Projection Period. The projections for the Reorganized Debtor reflect numerous assumptions, including various assumptions regarding the liabilities remaining with the Reorganized Debtor, activity required by the Reorganized Debtor, and potential income tax liabilities. Therefore, although the projections for the Reorganized Debtor are necessarily presented with numerical specificity, the actual results achieved during the

Projection Period will vary from the forecasted results. These variations may be material. Although the Debtors believe that the assumptions underlying the projections for the Reorganized Debtor, when considered on an overall basis, are reasonable in light of current circumstances, no representation can be or is being made with respect to the accuracy of the projections for the Reorganized Debtor or the ability of the Reorganized Debtor to achieve the forecasted results. In deciding whether to vote to accept or reject the Plan, claimants must make their own determinations as to the reasonableness of such assumptions and the reliability of the projections for the Reorganized Debtor.

Following the Effective Date, the Reorganized Debtor will also hold the Milagro Interests, which represent equity ownership in White Oak. The projections for the Reorganized Debtor do not include allowable distributions to the Reorganized Debtor under White Oak's operating agreement, for which no assurance can be made that such distributions will occur, if at all. The Debtors have only included those funds available at the Effective Date in the cash flow presented herein.

Additional information relating to the principal assumptions used in preparing the projections for the Reorganized Debtor is set forth below.

The Effective Date

Sources—Balance Sheet Cash

Cash balance as of September 30, 2015, is forecasted and assumed to be $1,756,000.

Sources—White Oak Cash Contribution

As outlined in Section 3.1 of the Contribution Agreement, the Purchase Price will include a cash payment in the amount of $120,000,000. This cash payment is assumed to be paid immediately upon closing.

Sources—Return of Cash Collateral

Following confirmation of the Plan and the closing of the Contribution Agreement Transaction, all cash collateral projected to have been provided by Milagro is assumed to be immediately returned to the Reorganized Debtor. Specifically, this includes the return of the following cash collateral:

- Indemco: In the first quarter of 2014, Milagro's surety bond provider, Indemco, required $500,000 of cash collateral in connection with the total exposure of approximately $7.5 million. The Debtors' current forecast assumes Indemco will demand cash collateral to cover the remaining exposure of $7,023,000. Therefore, immediately upon closing and the transfer of all assets associated with the Debtors' surety bond program to White Oak, it is assumed that the surety bonds will be cancelled without any draw and the $7,523,000 of cash collateral turned over to the Reorganized Debtor.

- Mutual of Omaha Letter of Credit: Cash collateral in the amount of $455,909 is currently supporting a letter of credit issued by Mutual of Omaha delivered to Union Oil Company of California related to the Gueydan field assets. Therefore, immediately upon closing and the transfer of the Gueydan assets to White Oak, it is assumed that the letter of credit will be terminated and the $455,909 of cash collateral turned over to the Reorganized Debtor.

- Utility Deposit: Upon the Effective Date, it is assumed the utility deposit of $64,000 will be turned over to the Reorganized Debtor.

Sources—Rights Offering

As part of the Plan, the Debtors will effectuate the Rights Offering, which is expected to generate gross cash proceeds of up to $20,000,000, with any over-commitment being returned to the participants on a *pro rata* basis. The Debtors' analysis summarized above reflects that roughly $11.3 million of the Rights Offering will be required. As such, the Debtor's projections suggest there will be $8.7 million of excess Rights Offering capacity, which will be available as of the Effective Date should the Debtors' current forecast prove to be incorrect.

Uses—Pay-Off of DIP Financing

The DIP Facility consists of the aggregate principal amount of the Prepetition First Lien Obligations[2] of $87,625,000 plus the accrued and unpaid interest as of July 15th, 2015. Upon entry of the Final DIP Order, such accrued and unpaid interest will be set at $625,858. Additionally, upon entry of the Final DIP Order, the Yield Maintenance Premium[3] due and payable shall be set at $14,000,000. Therefore, the Debtors' projections assume that the final order will be approved and the DIP Facility will include an outstanding Term Loan in the amount of $102,250,858. The Debtors' projections also assume that as of the Effective Date, the revolving portion of the DIP Facility will be drawn in the amount of $14,450,000, which is inclusive of all interest expenses and fees on the DIP Facility arising prior to and on the Effective Date.

Uses—Employee Severance and Termination Payments

The projections assume that the Debtors' request for court approval to continue their severance program will be approved. Due to uncertainty as to which employees, if any, will receive and accept employment offers from White Oak, the projections conservatively assume that no employees are hired by White Oak. Given many employees will be required for winding-down the Debtors' operations post-closing of the Contribution Agreement Transaction, the Debtors assume that roughly two-thirds of the employees will be terminated immediately upon closing of the Contribution Agreement Transaction, with the remaining employees being terminated by the second quarter of 2016. All terminated employees are forecasted to receive their severance (approximately $4.4 million) and accrued and unpaid vacation days ($0.6 million) immediately following their termination date.

Uses—Restructuring Recognition Awards

As outlined in the Plan, confirmation of the Plan constitutes approval of a performance-driven, restructuring-recognition payment designed to reward key members of the Debtors' management for contributing to a successful and timely reorganization of the Debtors by providing them with one-time cash Restructuring Recognition Awards in an aggregate amount of $800,000. The forecast assumes that the Plan will be confirmed and this payment will be made. The incremental $14,000 added to the disbursement forecast accounts for estimated taxes to be paid by the Reorganized Debtor in connection with this payment.

Uses—Professional Fees

In connection with the Effective Date, the Debtors currently forecast that all accrued and unpaid professional fees and Transaction Expenses (as defined the Restructuring Support Agreement), including applicable success fees, will be paid by the Reorganized Debtor. The Debtors' current forecast assumes that this will amount to roughly $7.4 million as of the Effective Date. The table below summarizes the forecasted components:

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2 As defined in the *Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507: (A) Authorizing the Debtors to Obtain Post-Petition Financing; (B) Authorizing Use of Cash Collateral; (C) Granting Liens and Providing Super-Priority Administrative Expense Status; (D) Granting Adequate Protection; (E) Modifying Automatic Stay; (F) Scheduling a Final Hearing; and (G) Granting Related Relief* [Docket No. 12, 7/15/15] (the "DIP Motion").

3 As defined in the DIP Motion.

	In Connection with Closing
Professional and Other Fees	
Professional Fees - Debtor	1,589.0
Professional Fees - 1st Lien	200.0
Professional Fees - Consenting Noteholders	4,962.5
Professional Fees - Other	606.5
US Trustee Fees	45.0
TOTAL PROFESSIONAL AND OTHER FEES	**7,403.0**

Uses—Plan Release Consideration

As outlined in the Plan, a "GUC Settlement Payment" totaling $1,000,000 will be made to Holders of Allowed General Unsecured Claims that execute and return a release to the Reorganized Debtor. The Debtors' current forecast assumes that this payment is made in 2015.

Uses—Other Secured Claims

Currently, the Debtors do not believe there are any additional secured claims. However, out of an abundance of caution, for the purposes of this analysis we have assumed approximately $1.5 million of additional secured claims will be allowed by the Bankruptcy Court.

Uses—Advance Payment to ACON re: White Oak Board

As outlined in the Plan, on or as soon as practicable after the Effective Date of the Plan, ACON (or its designee or designees) shall receive $2.0 million from the Reorganized Debtor as an advance payment for acting as a manager (or observer) on the White Oak Board, whether from proceeds of the Rights Offering or otherwise.

Uses—Other

The Debtors have assumed that they will need to make approximately $3.1 million of disbursements relating to other Administrative Claims, Priority Tax Claims, and Other Priority Claims.

Post-Effective Date Operations of the Reorganized Debtor

Nature of Post-Effective Date Operations

Following the closing of the Contribution Agreement Transaction, it is assumed that the Reorganized Debtor's operations will consist primarily of:

- Winding-down the business operations of the Debtors;
- Calculating and validating purchase price adjustments to the Contribution Agreement;
- Providing transition services to White Oak for a set period of time;
- Receiving periodic reports from White Oak and distributing them to the equity owners of the Reorganized Debtor; and
- Preparing income tax returns for the Debtors and the Reorganized Debtor in light of the following considerations:
    - The returns for 2015 (prepared in 2016) will be complicated due to the Contribution Agreement Transaction and any related transactions;
    - The returns for 2016 returns will be somewhat complicated due to recognition of COD income from the 2015 debt-from-stock exchange; and
    - Subsequent returns should be relatively simple as they should consist of adding the operating costs at the Reorganized Debtor to the K-1 information provided by White Oak.

Methodology

The projections for the Reorganized Debtor were prepared based on several key assumptions, as discussed below.

Operating Expenses—Wind-Down

Staff and Compensation: The forecast for the wind-down period for the Debtors assumes approximately $649,530 in compensation to employees during the wind-down period. As outlined below, the Debtors assume that the wind-down will take approximately 2-8 months and will require 11 employees, as follows:

Department	Termination Date
Finance	11/30/2015
Finance	12/31/2015
Finance	1/31/2016
Finance	5/31/2016
Finance	5/31/2016
HR	12/31/2015
IT	12/31/2015
Management & Corporate Administration	12/31/2015
Management & Corporate Administration	12/31/2015
Management & Corporate Administration	1/31/2016
Production Logistics	11/30/2015

Office Space and Equipment / Office Rent: Office space and equipment costs and office rental fees are forecasted to be $533,000. The Debtors' current forecast assumes that after the Effective Date, the corporate office in Houston will be reduced from two floors to one. This will decrease the office rental expense by approximately 50% to $87,700 per month. The Debtors' current forecast also assumes that, beginning in 2016, the Reorganized Debtor will relocate to a new office space that is consistent with the reduced workforce. In light of this, the Debtors' current forecast assumes an office rental expense for 2016 of approximately $10,000 per month. Other costs associated with office space and equipment include $20,000 per month for an offsite data center and $20,000 per month for miscellaneous office services and document storage services. The Debtors' current forecast projects these costs running through April 2016.

Contract Services / Ordinary Course Professionals: Services related to ordinary course professionals are forecasted to be $320,000 through April 2016. Professionals include KE Andrews for approximately $45,000 (Debtors' *ad valorem* tax preparer), Grant Thornton for approximately $225,000 (Debtors' corporate tax preparer), and miscellaneous ordinary course professional fees of approximately $50,000.

Restructuring Professional Fees: Fees for restructuring professionals are forecasted to be approximately $1.9 million.

Return of Payroll Cash Collateral: In 2013, Insperity PEO Services, L.P. required Milagro to provide $600,000 of cash collateral in order to cover approximately two (2) weeks of payroll disbursements. The Debtors' current forecast assumes that this $600,000 of cash collateral will be returned after the Effective Date or applied to payroll related disbursements.

US Trustee Fees: The Debtors' current forecast projects that US Trustee Fees will be approximately $10,000 related to monies disbursed from the Debtors.

Operating Expenses—Continuing Operations ("On-Going Milagro Costs")

Directors' Fees and Expenses: The Debtors project that directors' fees and expenses for the Reorganized Debtor's Board of Directors will be $276,250 through 2018. The Debtors' current forecast assumes that Reorganized Debtor will have four directors. Each director will be paid $20,000 per year (prorated in 2015) with an additional $5,000 forecasted for annual board expenses.

Management Company: On the assumption that the Reorganized Debtor will be responsible for the cost of "back-office" activities, costs for "back-office" activities are forecasted to be $40,000 per year, growing at an assumed rate of inflation of 2%. Total management costs for the Reorganized Debtor are forecasted to be approximately $133,000 through 2018.

Tax Returns: The Debtors forecast that the cost related to tax returns associated with the Reorganized Debtor will be approximately $190,000. The cost of the 2015 income tax returns is estimated based upon the current charges. The cost of the 2016 return is assumed to be 1/3 less and the 2017 tax return is forecasted to be 1/3 less than 2016 tax return.

D&O Insurance: D&O insurance is forecasted to be $30,000 through 2018 based on discussions with the Debtors' insurance broker.

Legal and Other: Legal and other miscellaneous costs are forecasted to be approximately $4,000 per month growing at a 2% rate of inflation. The total costs for legal and other miscellaneous costs are forecasted to be approximately $151,000 through 2018.

Income Taxes: The Debtors' forecast assumes that the Reorganized Debtor will not incur income tax liabilities through 2018 from the distribution of taxable income from White Oak. In the event that the Reorganized Debtor does incur such tax liabilities, White Oak's operating agreement permits White Oak to make distributions in certain instances to satisfy its members' tax liabilities. If White Oak does not, or is unable, to make such a distribution, the Reorganized Debtor may seek to satisfy this tax liability from available tax attributes (if any), cash on hand, or funds contributed by its post-Effective Date equity holders.

EXHIBIT D

Unaudited Liquidation Analysis of the Debtors

Milagro Holdings, LLC, et al.
Hypothetical Liquidation Analysis
As of September 30, 2015
(Dollars in Millions)

Set forth below is a hypothetical liquidation analysis (the "Analysis") of the Debtors, assuming a hypothetical chapter 7 liquidation in which a court-appointed trustee (a "Chapter 7 Trustee") would liquidate the assets of the Debtors commencing on September 30, 2015 (the "Conversion Date"). The Analysis has been prepared solely for purposes of estimating proceeds available in a chapter 7 liquidation of the Debtors to illustrate that the Plan meets the "Best Interest" test and provides at least equal or greater value to all impaired classes of creditors and equity interest holders than would be provided in a hypothetical liquidation under chapter 7. The Analysis has been prepared under a number of assumptions, including that the Final DIP Order has been entered and the DIP Agent and Indenture Trustee allow the Chapter 7 Trustee access to liquidity and use of cash collateral and provide the Chapter 7 Trustee time to conduct an approximately 120-day sale process. Nothing in the Analysis is intended to or may constitute a concession or admission of, the Debtors for any other purposes.

Underlying the Analysis is a number of estimates and assumptions that, although considered reasonable by the Debtors' management and their financial advisors, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which would be beyond the control of the Debtors and the hypothetical Chapter 7 Trustee. Accordingly, there can be no assurance that the values assumed in the Analysis would be realized if the Debtors were in fact liquidated. In addition, any liquidation that would be undertaken would necessarily take place in future circumstances that cannot presently be predicted.

THE DEBTORS MAKE NO REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS OR A CHAPTER 7 TRUSTEE'S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THE CHAPTER 11 CASES ARE CONVERTED TO CHAPTER 7 CASES, ACTUAL RESULTS MAY VARY MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THE ANALYSIS.

The Analysis indicates the values which may be obtained upon disposition of assets pursuant to a hypothetical chapter 7 liquidation as an alternative to the Contribution Agreement Transaction proposed under the Plan. Accordingly, values discussed herein may differ from amounts referred to in the Plan, which are based on the value of the Debtors established in the Contribution Agreement.

In preparing the Analysis, the amount of allowed claims has been projected based upon the Debtors' books and records and certain estimates and assumptions regarding the Debtors and their business. These projections may be updated (but the Debtors undertake no obligation to do so) as necessary in conjunction with any presentation of this Analysis at the Confirmation Hearing. Additional claims were estimated to include certain post-petition obligations which would be asserted in a hypothetical chapter 7 liquidation. In the event litigation were necessary to resolve claims asserted in a chapter 7 liquidation, the delay could be prolonged and claims could further increase. The effects of this delay on the value of distributions under the hypothetical chapter 7 liquidation have not been considered. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of claims at the estimated amounts set forth in the Analysis.

THE ESTIMATED AMOUNT OF ALLOWED CLAIMS SET FORTH IN THE ANALYSIS SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING, WITHOUT LIMITATION, ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PLAN. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY AND SIGNIFICANTLY DIFFER FROM THE AMOUNT OF CLAIMS ESTIMATED IN THE ANALYSIS. NOTHING CONTAINED IN THIS ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS.

EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THIS ANALYSIS WAS PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT THESE ANALYSES IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTOR DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE ANALYSIS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THIS ANALYSIS IS INITIALLY FILED OR TO

REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE ANALYSIS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE ANALYSIS. THIS ANALYSIS WAS DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE UNDER THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF SECURITIES OF, OR CLAIMS OR INTERESTS IN, THE DEBTORS OR ANY OF THEIR AFFILIATES.

	Plan			Liquidation		
	Face	Recovery		Face	Recovery	
	Value	$	%	Value	$	%
Value available:						
Cash on hand		1.76			1.76	
Receivables					10.00	
Deposits		8.64			1.05	
Oil & gas properties:						
Cash		120.00			150.00	
Equity in White Oak		97.00				
Rights offering proceeds		11.30				
Claims and causes of action		-			-	
Total value available		238.70			162.81	
Claims and allocation of value:						
Senior Debt Claims	116.70	116.70	100.0%	116.70	116.70	100.0%
TPG professional fees	0.20	0.20	100.0%	0.20	0.20	100.0%
Notes claims	312.59	80.50	25.8%	312.59	23.75	7.6%
Note Holder professional fees	4.96	4.96	100.0%	1.96	-	0.0%
Other secured claims	1.50	1.50	100.0%	1.50	1.50	100.0%
Chapter 7 administration				19.47	19.47	100.0%
Chapter 11 professional fees	2.24	2.24	100.0%	1.19	1.19	100.0%
Other chapter 11 admin & priority	3.07	3.07	100.0%	3.07	-	0.0%
General unsecured claims	6.50	-	0.0%	29.30	-	0.0%
Chapter 11 wind-down and post Effective Date working capital		10.03				
Advance payment to ACON re White Oak Board	2.00	2.00	100.0%			
Backstop Fee		1.34				
Rights Offering		15.16				
Plan Release Consideration		1.00				
	449.76	238.70		485.99	162.81	
Interests and allocation of value:						
Preferred stock		-	0.0%		-	0.0%
Common stock		-	0.0%		-	0.0%
		-	0.0%		-	0.0%

ASSUMPTIONS

Accounts Receivable

a) Under the Contribution Agreement Transaction, White Oak will acquire all of the Debtors' accounts receivable. The Analysis assumes that in a hypothetical chapter 7 liquidation, the Debtors' accounts receivable related to each property will be liquidated and reduced to Cash through the closing of the sale of such property in the ordinary course of business and upon the sale of such property any uncollected account receivable related to that property will be transferred to the buyer.

Deposits

a) The Analysis assumes that $7.0 million is drawn against the DIP Facility to use as additional collateral to secure the Debtors' surety bond portfolio and that, as of the Conversion Date, there is $7.5 million of collateral securing these surety bonds. It is anticipated that the surety bonds, which back the Debtors' asset retirement obligations (AROs), will be fully drawn in a chapter 7 liquidation to ensure payment of future AROs, and the Chapter 7 Trustee will not recover any collateral securing the Debtors' surety bond obligations.

b) The Chapter 7 Trustee is expected to recover the entire amount of the collateral securing letters of credit in the amount of approximately $457,000 and a $600,000 cash deposit securing the Debtors' payroll obligations.

c) The Chapter 7 Trustee will not recover any of the $64,000 utility adequate assurance account, which will be used to fund unpaid chapter 11 administrative expenses for utility services.

Liquidation Process

a) The Chapter 7 Trustee will immediately market the Debtors' oil and gas properties, including the related receivables and machinery and equipment. The sales of the properties will all be completed by and close on January 31, 2016. Management believes that such a sale process will yield approximately $150 million, which shall be net of any costs and expenses related to the sale process (including, without limitation, brokers' fees, selling expenses, and transfer taxes).

- Each buyer will assume the AROs related to the properties purchased.
- Each buyer will assume the unpaid royalty obligations (assumed to be for December 2015 and January 2016) and outstanding lease operating costs as of January 31, 2016 related to the properties acquired.
- The Estates will retain $5 million of AROs on account of properties the Chapter 7 Trustee is unable to sell. It is not expected that the DIP Agent and Indenture Trustee will consent to payment of these AROs from the proceeds of their collateral.
- It assumed that there will not be any income tax liabilities resulting from a chapter 7 proceeding and the related asset dispositions.

b) The DIP Facility and the usage of cash collateral will be extended through January 31, 2016, on the same terms as the existing DIP Facility and Final DIP Order.

c) To retain sufficient employees to complete the liquidation, the Chapter 7 Trustee will need to implement an employee retention plan. The Analysis assumes the cost of that plan to be approximately $3.0 million. The Analysis assumes the Chapter 7 Trustee will retain the Debtors' personnel to operate the properties through January 31, 2016 to facilitate an orderly property disposition at roughly the same cost as the Debtors currently incur and will pay any unpaid pre-Conversion Date payroll obligations.

d) The Chapter 7 Trustee will pay all post-Conversion Date costs to operate the business in the ordinary course. The Chapter 7 Trustee will pay any unpaid pre-Conversion Date costs for royalties and lease operating costs in the ordinary course, which would otherwise give rise to secured claims. In the alternative, if these amounts are not paid by the Chapter 7 Trustee, such amounts will be assumed by the buyer of the respective properties and the purchase price will be reduced accordingly.

e) Estimated chapter 7 administrative costs consist of the following (in millions of dollars):

Chapter 7 Trustee fees	$4.5
Professional fees	2.0
Interest on DIP Facility	4.0
Negative operating cash flow during chapter 7	4.9
Employee retention plan	3.0
Other	1.1
	$19.5

Claims and Causes of Action

a) The Analysis assumes no recovery to the Estates on account of the Debtors' claims and causes of action. With respect to actions under Chapter 5 of the Bankruptcy Code, the Debtors believe that most parties receiving payments or transfers of property during the applicable look-back periods under section 547 of the Bankruptcy Code may be able to successfully raise affirmative defenses to any avoidance action, including that such obligations were secured. Additionally, the Debtors have not been advised or made aware of any other claims or causes of action that they may hold against third parties. Finally, the Analysis assumes that the Chapter 7 Trustee will not pursue claims and causes of action that are fully encumbered by liens granted to third parties.

Other Secured Claims

a) Other Secured claims are expected to attach to the Debtors' assets upon sale and will be paid in full, either through assumption of the liability of the buyer or attachment to the proceeds of such sale.

Chapter 11 Recovery to Noteholders

a) The recoveries on account of the Notes Claims under the Plan, as well as the amounts attributed to the Rights Offering and Backstop Commitment Fee, will be distributed in the form of Reorganized Debtor Common Stock (which will immediately be converted to New Holdings Units in the Reorganized Debtor upon its conversion to a limited liability company as set forth in this Plan). For purposes of the Analysis, the aggregate value of all of the Reorganized Debtor Common Stock to be issued under the Plan is assumed to be equal to $97.0 million.

Chapter 11 Expenses and Related Items

a) Amounts incurred for "chapter 11 professional fees" and "note holder professional fees" only include amounts incurred through the Conversion Date. Under a chapter 11 plan, the Debtors anticipate that professional fees for chapter 11 professionals and note holder professionals will continue to accrue after September 30, 2015 (the Conversion Date). However, those amounts are included in the line item "Chapter 11 wind-down and post Effective Date working capital." The "Chapter 11 wind-down and post Effective Date working capital" line item also includes (i) Reorganized Debtor's Directors fees and expenses, (ii) the cost of a management company to oversee the Reorganized Debtor's post-Effective Date operations; (iii) the cost of preparing and filing tax returns; (iv) the cost of obtaining D&O insurance; and (v) legal costs and other miscellaneous expenses related to the Reorganized Debtor's operations.

b) Unpaid fees and expenses of professionals retained by the Estates shall be paid subject to and in accordance with the Carve-Out.

c) The DIP Agent's professional fees outstanding at the Conversion Date will be paid from the proceeds of asset dispositions.

d) The remainder of the chapter 11 administrative expenses and priority claims which are not paid prior to the Conversion Date, primarily Transaction Expenses payable under section 10 of the Restructuring Support Agreement (which is assumed to have been assumed by the Debtors prior to the Conversion Date) and costs incurred in operating the Debtors' business after the Petition Date that do not give rise to secured claims, will receive no recovery in chapter 7.

e) The Advance Payment to ACON related to service on the White Oak Board, the Plan Release Consideration, and the Rights Offering (including the Backstop Commitment Fee) are only applicable under the Plan, provided that a management fee payable to the Debtors' equity holders in the amount of approximately $17 million will be waived if the Plan is confirmed but will not be waived in a chapter 7 liquidation.

EXHIBIT E

Unaudited Pro Forma Consolidated Balance Sheet and Comparison of Total Proved PV10 to Assumed Plan Values

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

The following table presents an unaudited pro forma balance sheet of White Oak assuming that White Oak acquired the operating assets of Milagro, as contemplated by the Contribution Agreement, as of and on June 30, 2015 (as presented, the "Balance Sheet"). The analysis is prepared using the most recently available, preliminary, and unaudited balance sheets of each of White Oak and Milagro as of June 30, 2015; subsequent information may come to light that would materially change the information presented for White Oak, Milagro, or both. Further, the acquisition of assets and assumption of liabilities contemplated by the Contribution Agreement will not be completed prior to October 8, 2015, the date of the Confirmation Hearing, and pursuant to the Contribution Agreement, will be effective as of May 1, 2015. **The Balance Sheet is unaudited and has not been prepared in accordance with Generally Accepted Accounting Principles.**

The critical assumptions in preparing Balance Sheet include:

- White Oak acquires the operating assets, related working capital, and asset retirement obligations of Milagro in return for (i) $120 million in cash and (ii) equity in White Oak initially valued at $97 million.

- White Oak obtains the $120 million cash portion of the Purchase Price through debt financing.

- Under the Contribution Agreement, certain factors may cause adjustments (either upward or downward) to the $217 million Purchase Price. To the extent such adjustments occur, they will result in an adjustment to the amount of equity in White Oak distributed to Milagro. This analysis assumes that there are no adjustments to the Purchase Price.

- Adjustment 1 adjusts the June 30, 2015 Milagro balance sheet to remove management's estimate of those assets that will not be transferred to White Oak and those liabilities that will not be assumed by White Oak.

- Adjustment 2 adjusts the June 30, 2015 Milagro balance sheet to reflect the $120 million of new indebtedness and adjusts the equity balance to $97 million.

THE BALANCE SHEET IS HYPOTHETICAL AND FOR INFORMATIONAL PURPOSES ONLY AND IS NOT NECESSARILY INDICATIVE OF FUTURE OPERATIONS. THE DEBTORS MAKE NO REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS USED IN PREPARING THE BALANCE SHEET.

EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE BALANCE SHEET WAS PREPARED MAY BE DIFFERENT FROM THOSE REFLECTED OR ASSUMED HEREIN, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT THE BALANCE SHEET IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTOR DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THIS DOCUMENT TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THIS ANALYSIS IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE ANALYSIS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE ANALYSIS. THIS DOCUMENT WAS DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE UNDER THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF SECURITIES OF, OR CLAIMS OR INTERESTS IN, THE DEBTORS OR ANY OF THEIR AFFILIATES.

PRO FORMA CONSOLIDATED BALANCE SHEET
As of June 30, 2015

Pro Forma, Post Transaction White Oak Balance Sheet as of June 30th, 2015
($ in thousands)

	Milagro	Milagro Transaction Adjustments (1)	Milagro Transaction Adjustments (2)	Adjusted Milagro	White Oak	Pro Forma Consolidated
Assets						
Current assets						
Cash and cash equivalents	$10,101	($10,101)	$ -	$ -	$10,513	$10,513
Oil and gas receivables	7,985	-	-	7,985	2,907	10,892
Joint interest billing and other, net of allowance	1,836	-	-	1,836	-	1,836
Derivative receivables	12,450	(12,450)	-	-	4,181	4,181
Prepaid expenses and other	4,942	(4,665)	-	277	1,995	2,271
Total current assets	**37,313**	**(27,216)**	**-**	**10,097**	**19,596**	**29,693**
Oil and gas properties - net	256,006	-	(6,792)	249,214	193,848	443,062
Leasehold, furniture and equipment	793	(317)	-	476	-	476
Derivative assets	7,006	(7,006)	-	-	-	0
Deferred taxes	7,855	(7,855)	-	-	-	0
Deferred financing fees	5,842	(5,842)	-	-	-	0
Advance to affiliate	2,446	(2,446)	-	-	-	0
Other assets	1,415	(1,415)	-	-	844	844
Total Assets	**$318,677**	**($52,098)**	**($6,792)**	**$259,788**	**$214,287**	**$474,075**
Liabilities & Stockholders' Equity/Partners' Capital						
Current Liabilities						
Accounts payable and accrued liabilities	$ 23,098	$ (11,694)	$ -	$ 11,404	$ 10,367	$ 21,771
Asset retirement obligation	2,275	-	-	2,275	-	2,275
Short-term debt	248,730	(248,730)	-	-	-	-
Interest payable	55,967	(55,967)	-	-	-	-
Total current liabilities	**330,069**	**(316,391)**	**-**	**13,679**	**10,367**	**24,045**
Long term liabilities						
Long-term debt	109,313	(109,313)	120,000	120,000	113,000	233,000
Asset retirement obligation	29,109	-	-	29,109	53,025	82,134
Other	792	(792)	-	-	-	-
Total long-term liabilities	**139,213**	**(110,104)**	**120,000**	**149,109**	**166,025**	**315,134**
Stockholders' equity/partners' capital (deficit)	(150,605)	374,397	(126,792)	97,000	37,895	134,895
Total stockholders' equity/partners' capital (deficit)	**(150,605)**	**374,397**	**(126,792)**	**97,000**	**37,895**	**134,895**
Total Liabilities and Equity	**$318,677**	**($52,098)**	**($6,792)**	**$259,788**	**$214,287**	**$474,075**

COMPARISON OF TOTAL PROVED PV10 VALUES TO ASSUMED PLAN VALUES

The below chart summarizes certain of the information set forth in the January 1, 2015 NYMEX Reserve Reports for the Debtors and White Oak.[1] For illustrative purposes, the present value of total proved reserves discounted at 10% ("total proved PV10") is compared to the assumed values of the Debtors and White Oak under the Plan and Contribution Agreement. Total proved reserves (1P) are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

A reserve report is not a valuation, and the values ascribed to the Debtors and White Oak pursuant to the Contribution Agreement were based on numerous factors including, among other things, total reserves and resources, historical and forecasted production, revenue, expenses, including corporate expenses that are not reflected in the reserve reports, and cash flow. The total proved PV10 for the Debtors at January 1, 2015 was approximately $280.6 million. White Oak's total proved PV10 at January 1, 2015 was approximately $309.0 million. Under the Contribution Agreement, the Debtors' assets being contributed to White Oak have an assumed value of $217 million, and White Oak's existing assets have an assumed value of $265.0 million. For reference, a summation of this data for the Debtors and White Oak, assuming their proved reserves were combined at January 1, 2015 is also included below. The *pro forma* total PV10 is approximately $589.6 million. The assumed *pro forma* value of the Debtors' and White Oak's assets under the Contribution Agreement is $482.0.

Milagro Exploration and White Oak Resources VI

NYMEX Reserve Report Data as of January 1, 2015

(Dollars in thousands)

MILAGRO EXPLORATION

	Oil & Natural Gas Liquids (NGLs) Thousand Barrels of Oil (MBO)	Gas Million Cubic Feet (MMCF)	Million Cubic Feet Equivalent (MMCFE)	Thousand Barrels of Oil Equivalent (MBOE)	PV10	Assumed Plan Value
Proved						
Proved Developed Producing	7,354	31,775	75,899	12.6	$ 140,049	
Proved Developed Shut-In	106	45	679	0.1	3,120	
Proved Developed Non-Producing	1,381	18,323	26,609	4.4	50,238	
Proved Undeveloped	5,769	31,279	65,890	11.0	87,179	
Total Proved (1P)	**14,609**	**81,422**	**169,078**	**28.2**	**$ 280,586**	**$ 217,000**

WHITE OAK RESOURCES VI

	Oil Thousand Barrels of Oil (MBO)	Gas Million Cubic Feet (MMCF)	Million Cubic Feet Equivalent (MMCFE)	Thousand Barrels of Oil Equivalent (MBOE)	PV10	
Proved						
Proved Developed Producing	2,854	73,811	90,935	15.2	$ 170,447	
Proved Developed Non-Producing	627	12,930	16,692	2.8	28,287	
Proved Developed Non-Producing - Workover	14	5,442	5,526	0.9	8,541	
Proved Undeveloped	1,911	49,560	61,026	10.2	101,698	
Total Proved (1P)	**5,406**	**141,743**	**174,179**	**29.0**	**$ 308,973**	**$ 265,000**

COMBINED (MILAGRO EXPLORATION + WHITE OAK RESOURCES VI)

	Oil Thousand Barrels of Oil (MBO)	Gas Million Cubic Feet (MMCF)	Million Cubic Feet Equivalent (MMCFE)	Thousand Barrels of Oil Equivalent (MBOE)	PV10	
Proved						
Proved Developed Producing	10,208	105,586	166,834	27.8	$ 310,496	
Proved Developed Shut-In	106	45	679	0.1	$ 3,120	
Proved Developed Non-Producing	2,008	31,253	43,301	7.2	78,525	
Proved Developed Non-Producing - Workover	14	5,442	5,526	0.9	8,541	
Proved Undeveloped	7,680	80,839	126,916	21.2	188,877	
Total Proved (1P)	**20,015**	**223,165**	**343,257**	**57.2**	**$ 589,559**	**$ 482,000**

[1] The Debtors' proved reserve estimates have been prepared by W.D. Von Gonten & Co. and White Oak's proved reserve estimates have been prepared by Cawley, Gillespie and Associates, each independent consulting petroleum engineering firms.