

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re:	§	
	§	Case No. 13-45148-11
RESERVOIR EXPLORATION	§	
TECHNOLOGY, INC.,	§	(Chapter 11)
	§	
Debtor.		

**DISCLOSURE STATEMENT PURSUANT TO 11 U.S.C. § 1125
IN SUPPORT OF RESERVOIR EXPLORATION TECHNOLOGY, INC.'S PLAN OF
LIQUIDATION DATED AS OF NOVEMBER 5, 2013**

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**(PROPOSED) ATTORNEYS FOR THE
DEBTOR-IN-POSSESSION**

DATED: November 5, 2013

LIST OF EXHIBITS

EXHIBITS

- Exhibit A:** (Proposed) Order Approving Disclosure Statement (TBP)
- Exhibit B:** Reservoir Exploration Technology, Inc.'s Plan of Liquidation
- Exhibit C:** Schedule of Pre-petition Management of Debtor
- Exhibit D:** Liquidating Trust Agreement (TBP)

INTRODUCTORY DISCLOSURES

THIS DISCLOSURE STATEMENT IS PROVIDED BY RESERVOIR EXPLORATION TECHNOLOGY, INC., THE DEBTOR HEREIN ("DEBTOR"), IN SUPPORT OF ITS PLAN OF LIQUIDATION DATED AS OF NOVEMBER 5, 2013 ("PLAN"), PROPOSED FOR ITS BANKRUPTCY ESTATE IN THE ABOVE CAPTIONED CASE NO. 13-45148-11 ("BANKRUPTCY CASE").

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF MATERIAL PROVISIONS OF THE PLAN, INCLUDING THE PLAN'S TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR, THE CREATION OF A LIQUIDATING TRUST TO PROVIDE FOR THE LIQUIDATION AND ADMINISTRATION OF ESTATE ASSETS, AND THE MEANS OF IMPLEMENTATION OF THE PLAN. THIS DISCLOSURE STATEMENT ALSO SUMMARIZES CERTAIN FINANCIAL INFORMATION CONCERNING THE DEBTOR AND THE CLAIMS ASSERTED AGAINST THE DEBTOR IN THIS BANKRUPTCY CASE. WHILE THE DEBTOR BELIEVES THAT THIS DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, CREDITORS AND EQUITY INTEREST HOLDERS SHOULD REVIEW THE ENTIRE PLAN AND EACH OF THE DOCUMENTS REFERENCED HEREIN, AND SHOULD SEEK THE ADVICE OF THEIR OWN COUNSEL AND OTHER ADVISORS BEFORE CASTING THEIR BALLOTS ON THE PLAN.

EXCEPT FOR THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS HERETO, NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, LIABILITIES OR PAST OR FUTURE OPERATIONS, THE PLAN AND ITS TERMS, OR ALTERNATIVES TO THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY SUCH INFORMATION THAT IS PROVIDED TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN AND THAT IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT OR THE EXHIBITS ATTACHED HERETO IS UNAUTHORIZED AND SHOULD BE REPORTED IMMEDIATELY TO THE DEBTOR'S COUNSEL.

STATEMENTS AND FINANCIAL INFORMATION HEREIN CONCERNING THE DEBTOR, INCLUDING, WITHOUT LIMITATION, HISTORICAL INFORMATION, INFORMATION REGARDING THE DEBTOR'S ASSETS AND LIABILITIES, AND INFORMATION REGARDING CLAIMS AND EQUITY INTERESTS ASSERTED OR OTHERWISE EVIDENCED IN THE BANKRUPTCY CASES, HAVE BEEN DERIVED FROM NUMEROUS SOURCES INCLUDING, WITHOUT LIMITATION, THE DEBTOR'S BOOKS AND RECORDS AND COURT RECORDS. ALTHOUGH THE DEBTOR REASONABLY BELIEVES THAT THE HISTORICAL AND FINANCIAL INFORMATION SET FORTH HEREIN IS ACCURATE, COMPLETE AND RELIABLE, THE DEBTOR AND ITS PROFESSIONALS HAVE NOT TAKEN ANY INDEPENDENT ACTION TO VERIFY THE ACCURACY, COMPLETENESS OR RELIABILITY OF SUCH INFORMATION AND THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THEREFORE, NEITHER THE DEBTOR NOR ANY OF

ITS PROFESSIONALS WARRANTS OR REPRESENTS THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE, ACCURATE AND RELIABLE. HOWEVER, THE DEBTOR HAS REVIEWED THE INFORMATION SET FORTH HEREIN AND, BASED UPON THE SOURCES OF INFORMATION AVAILABLE, GENERALLY BELIEVES SUCH INFORMATION TO BE COMPLETE.

UNLESS INDICATED OTHERWISE, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF NOVEMBER 5, 2013, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE THE DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN THE PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS DISCLOSURE STATEMENT CONTAINS PROJECTED FINANCIAL INFORMATION REGARDING THE DEBTOR, RECOVERIES UNDER THE PLAN AND ALTERNATIVES, AND CERTAIN OTHER FORWARD-LOOKING STATEMENTS, ALL OF WHICH ARE BASED UPON VARIOUS ASSUMPTIONS AND ESTIMATES AS OF NOVEMBER 5, 2013, OR SUCH OTHER TIME AS IS SPECIFIED. SUCH INFORMATION WILL NOT BE UPDATED TO REFLECT EVENTS OCCURRING AFTER SAID DATE(S), AND IS SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE RISKS. CONSEQUENTLY, ACTUAL EVENTS, CIRCUMSTANCES, EFFECTS AND RESULTS MAY VARY SIGNIFICANTLY FROM THOSE INCLUDED IN OR CONTEMPLATED BY SUCH PROJECTED FINANCIAL INFORMATION AND SUCH OTHER FORWARD-LOOKING STATEMENTS.

THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTY OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED AS CONFERRING UPON ANY PERSON ANY RIGHTS, BENEFITS OR REMEDIES OF ANY NATURE WHATSOEVER. THIS DISCLOSURE STATEMENT IS INFORMATIONAL ONLY. ADDITIONALLY, CREDITORS AND OTHER EQUITY INTEREST HOLDERS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH CREDITOR AND OTHER EQUITY INTEREST HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY MATTER CONCERNING THE PLAN, THE EFFECTS OF IMPLEMENTATION OF THE PLAN, AND THE VOTING PROCEDURES APPLICABLE TO THE PLAN.

I. INTRODUCTION AND HISTORICAL BACKGROUND

On November 5, 2013 (the "Petition Date"),¹ Reservoir Exploration Technology, Inc. (the "Debtor") filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code with United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"), thereby initiating Chapter 11 bankruptcy case No. 13-45148-11 (the "Bankruptcy Case").

A. **Corporate Structure, Operations and Business Model**

The Debtor is one of the Reservoir Exploration Technology Group of companies engaged in providing seismic data and related geophysical services to the oil and gas industry and specializing in multi-component sea-floor acquisition of seismic data. The Debtor is one of several wholly owned subsidiaries of Reservoir Exploration Technology ASA ("RXT ASA" or "Parent"), which is located in Lysaker, Norway. Prior to the Petition Date, RXT ASA and its subsidiaries, including the Debtor, primarily and historically operated through operating crews of one to three vessels equipped with advanced seismic equipment, including but not limited to technology developed by RXT ASA and its subsidiaries. These operations were focused in the Gulf of Mexico, the North Sea, West Africa and the Caspian Sea, with the Debtor primarily conducting operations in the Gulf of Mexico and maintaining its headquarters in Houston, Texas. Other subsidiaries of RXT ASA and affiliates of the Debtor include: RXT (UK) Limited, RXT Management AS, RXT Kazakhstan LLP, RXT Norway AS, and RXT BVI Inc. In addition, RXT ASA owns a 95% interest in RXT Saudi LLC, with the other 5% interest in RXT Saudi LLC owned by RXT Norway, AS.

Prior to the Petition Date, the Reservoir Exploration Technology Group engaged in a concerted enterprise with a consolidated cash management system. Pursuant to these relationships, the Debtor historically has not generated any income through direct payments from customers. However, through the allocation of costs and internal invoicing among the group under this consolidated cash management system, the Debtor both incurs intercompany debts and expenses, and has also historically generated "income" for accounting and reporting purposes. Through a Management Services Agreement dated as of January 1, 2008, among the five (5) subsidiaries of RXT ASA, the Debtor is allocated a 5% share of enterprise costs for management services provided by RXT ASA (with an additional 5% cost plus mark up). However, the Debtor also historically provided marketing services to the group, as to which the Debtor allocates 40% (plus a 7% mark up) of its costs to each of RXT ASA, and RXT Norway AS. The group also employed cost allocations for personnel and administrative matters, and steaming costs (expenses relating to steaming to destinations).

B. **Current Management and Events Preceding Bankruptcy**

As a seismic data acquisition enterprise, the Reservoir Exploration Technology Group has historically faced relatively high costs and expenses of operating with extremely specialized and technically advanced, scientific and heavy equipment, and has operated in a very specialized market and industry in which competing bids for contracts from oil and gas customers must be

¹ Capitalized terms used herein, if not separately defined, have the meanings assigned to them in the Plan, or if not defined in the Plan, then in the Bankruptcy Code or Bankruptcy Rules.

won in order to produce revenues. Revenues for the group were severely impacted by the generally poor international economy in 2008 and 2009, following which RXT ASA implemented a financial restructuring under which substantial debts were converted to equity interests, and the fleet of vessels and operations were substantially reduced in order to minimize operating expenses. These measures, however, led to reduced revenues and more acute cash flow problems and needs. Although the group attempted to address these problems by procuring a favorable backlog of project contracts and jobs for 2011 and 2012, subsequent technical and operating problems with the fleet depressed the projected revenues, increased the operating expenses, and delayed the schedule for completing these projects. This ultimately impacted the group's abilities to procure additional project inventory and address its lack of liquidity.

Following this long period of financial distress, RXT ASA filed for bankruptcy protection under the laws of Norway on June 13, 2013, which case remains pending as of the Petition Date (the "Parent's Foreign Bankruptcy Case"). Mr. Jon Skjorshammer of The Selmer Law Firm, with offices in Oslo, Norway, has been appointed by the Norwegian bankruptcy court as the liquidator for RXT ASA in the Parent's Foreign Bankruptcy Case ("Skjorshammer" or "Liquidator"). Since the time of his appointment, the Liquidator has sought to wind up the operations and financial affairs of RXT ASA and its wholly owned subsidiaries, including the Debtor. Pursuant thereto, certain other members of the Reservoir Exploration Technology Group of companies are also the subject of liquidation or insolvency proceedings, including RXT (UK) Limited and RXT BVI Inc.

Also in connection with these efforts, the Debtor's office in Houston, Texas was closed in late September 2013. As of June 13, 2013 Tomas Bratterud and Stein Hedemark were the Debtor's Directors, however, as of the Petition Date, from and after September 25, 2013, and pursuant to his appointment as Liquidator for RXT ASA, the Liquidator also serves as the Debtor's sole Director. As of the Petition Date, the Debtor had sixteen (16) employees located in Texas, Montana, Colorado, and Washington states, all of whom have been furloughed. The Debtor has paid its salary and payroll obligations to employees but does owe accrued time off to several employees as reflected in its Schedules.

In consultation with its U.S. counsel, the Liquidator has determined that presently liquidating the Debtor and its assets, and resolving Claims through a Chapter 11 bankruptcy case commenced under the United States Bankruptcy Code, presents the best and most orderly process and opportunity to maximize recoveries to and for the benefit of the Debtor's Creditors.

Accordingly, as of October 11, 2013, the Debtor retained Lain Faulkner & Co., P.C. ("Lain Faulkner") to provide accounting and consulting services to the Debtor in connection with its efforts to liquidate its Estate and wind down its affairs, including but not limited to Lain Faulkner's provision to the Debtor of the services of Jason A. Rae, a Master Analyst in Financial Forensics, to serve as the Debtor's Chief Restructuring Officer in connection with these efforts. Additional details regarding Mr. Rae's qualifications and business background are included herein below.

According to the Debtor's books and records, and to the best of its knowledge, the unpaid claims existing against the Debtor's Estate as of the Petition Date are generally comprised of unpaid employee claims and withholding and other claims owed or potentially owed to various taxing authorities, including foreign taxing authorities. The Debtor estimates the universe of

allowable, unpaid pre-petition claims against the Estate to be less than \$285,000.00, not including intercompany claims of insiders (which are proposed to be compromised and subordinated under the Plan), as more specifically detailed in its Schedules.

As of the Petition Date, and pursuant to the progress made pre-petition by the Liquidator to wind down the operations of the Reservoir Exploration Technology Group, the Debtor's sole substantial asset as of the Petition Date, other than cash on hand and its interests in retainer funds provided to its bankruptcy counsel and financial advisors, is the Debtor's aliquot share of a receivable owed by Shell E&P Ireland Limited and being pursued by the court appointed liquidator of and for RXT (UK) Limited ("Receivable Asset"). The total aggregate amount of the Receivable Asset is estimated in the amount of \$10.8 million, of which approximately \$2.9 million is disputed. Upon RXT (UK) Limited's recovery of the Receivable Asset, and subject to its liquidation proceedings, the Debtor would have a partial allocation interest in a portion of that Receivable.

The Debtor also holds intercompany claims against RXT (UK) Limited, RXT Management AS, RXT Norway AS, and RXT BVI Inc., as reflected in its Schedule B, of personal property assets, in the aggregate face amount of approximately \$13,660,336.00. However, because these entities are in liquidation or insolvency proceedings, winding down, and/or not operating, the actual value of these receivables and their collectability are unknown.² Moreover, RXT ASA holds an intercompany claim against the Debtor for \$18,544,591.00. Under the Plan, discussed more fully hereinbelow, these intercompany claim assets and liabilities are resolved through a proposed compromise under which RXT ASA has agreed to liquidate the Debtor's interests in the Receivable Asset and the Debtor's intercompany claims by taking an assignment of the Debtor's interests in these receivables. In exchange, RXT ASA has agreed to fund the Plan and distributions to Creditors, and to subordinate its Claim against the Debtor to ensure the maximization of distributions to noninsider creditors. The Debtor estimates that RXT ASA's Plan Funding will be sufficient to pay all Allowed, noninsider Claims in full, as discussed further hereinbelow.

C. Plan and Disclosure Statement

On the Petition Date, the Debtor filed its Plan of Liquidation Dated as of November 5, 2013 ("Plan"), as **Exhibit "B"** to this Disclosure Statement. The Plan was also separately Filed on the Petition Date. The Plan proposes, among other things, the means by which all Claims against and Equity Interests in the Debtor will be finally resolved and treated for purposes of making distributions thereon, consistent with the provisions and priorities mandated by the Bankruptcy Code, and without the need to await the liquidation of the Receivable Asset. Approval and consummation of the Plan will enable the Bankruptcy Case to be concluded and closed.

The Debtor as Plan proponent hereby submits this Disclosure Statement in connection with the solicitation of votes on the Plan. On **[TBD DATE]**, 2013, after notice and a hearing, the Bankruptcy Court signed an Order approving the Disclosure Statement as containing information of a kind and in sufficient detail to enable Creditors and Equity Interest holders whose votes on

² RXT Norway AS and RXT Management AS are subject to the same bankruptcy proceeding under Norwegian law as RXT ASA. RXT (UK) Ltd. and RXT BVI Inc. are each subject to their own liquidation proceedings in the United Kingdom and British Virgin Islands, respectively.

the Plan are being solicited to make an informed judgment on whether to accept or reject the Plan. A true and correct copy of the Order Approving Disclosure Statement is attached hereto as **Exhibit "A"** and incorporated herein for all purposes. The Bankruptcy Court's approval of the Disclosure Statement does not constitute the Bankruptcy Court's approval or disapproval of the Plan.

The Disclosure Statement, which includes the Plan as **Exhibit "B,"** is being mailed to each holder of a Claim against and each holder of an Equity Interest in the Debtor. However, the Debtor is only seeking votes on the Plan from Creditors and Equity Interest holders who are entitled to vote. With respect to voting on the Plan, pursuant to the Bankruptcy Code, only those Creditors holding Claims, and holders of Equity Interests, within impaired Classes under the Plan are entitled to vote.

The Debtor as Plan proponent believes that it has promulgated the Plan consistent with the provisions of the Bankruptcy Code. The Debtor believes that the Plan provides affected Creditors and Equity Interest holders distribution rights on account of their Claims and Equity Interests which are at least equal to, if not greater than, what they would obtain if the Bankruptcy Cases were converted to a Chapter 7 liquidation case and the Debtor's assets were liquidated within the parameters of Chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan is fair and equitable to all Classes of Claims and Equity Interests under the Plan.

This Disclosure Statement is not intended to replace careful review and analysis of the Plan. Rather, it is submitted as an aid and supplement in your review of the Plan, and attempts to explain the terms and implications of the Plan. Every effort has been made to fully explain the various aspects of the Plan as it may affect Creditors and Equity Interest holders. All Persons receiving this Disclosure Statement are urged to review all of the exhibits to this Disclosure Statement, in addition to reviewing the text of this Disclosure Statement. If you have any questions, you may contact counsel for the Debtor via the contact information set forth within this Disclosure Statement, as well as on the cover page hereof.

Creditors and Equity Interest holders should read this Disclosure Statement in its entirety prior to voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to this Disclosure Statement, an Order of the Bankruptcy Court approving this Disclosure Statement, and section 1125 of the Bankruptcy Code. No other party has been authorized to utilize any information concerning the Debtor, its operations, assets and/or liabilities, other than the information contained in this Disclosure Statement, to solicit votes on the Plan. Creditors and Equity Interest holders should not rely on any information relating to the Debtor, its operations, and/or its assets and liabilities, other than the information contained in this Disclosure Statement and the exhibits attached hereto.

II.

PLAN SETTLEMENT AND OVERVIEW

The Plan is designed to accomplish the orderly liquidation of the Debtor's Estate and distribution of the proceeds of such liquidation to the beneficiaries of the Estate, comprised of all Allowed Claims against, and Equity Interests in, the Debtor. The Plan does so through a number of structures and mechanisms. First, it incorporates the RXT ASA Settlement, a proposed settlement and compromise with the Liquidator on behalf of the RXT ASA, under which RXT

ASA has agreed to expeditiously liquidate the Debtor's Receivable Asset and other unliquidated intercompany receivables by taking an assignment of the Debtor's interests in these assets and providing immediate Plan funding to the Debtor to ensure its ability to presently propose and perform its Plan. Specifically, under the RXT ASA Settlement RXT ASA agrees to: (i) in exchange for an assignment of all of the Debtor's interests in the Receivable Asset and any other intercompany receivables, to act as the Plan Funder, and pay to the Liquidating Trust the Plan Funding in the amount of \$630,000, in order to allow the Liquidating Trustee to pay the costs of administration of the Liquidating Trust and make distributions called for under the Plan; and (ii) in connection with same, subordinate its Claim against the Debtor (which the Debtor has assessed at a value of not less than approximately \$18.5 million) to all general, Allowed Unsecured Claims, in order to efficiently and equitably resolve any disputes related to the allowability or treatment of RXT ASA's Claim without the need for undue delays or unnecessary litigation expense, and critically, to ensure the maximization of distributions to non-insider Creditors.

The Liquidator for RXT ASA has committed to performing the terms of his proposed compromise with the Debtor and its Estate, subject to the Bankruptcy Court's approval of this compromise, the terms of same, and confirmation of the Plan.

Absent the RXT ASA Settlement, the Plan Funding is not available to the Estate and Creditors of the Estate will not have the benefit of RXT ASA's agreement to subordinate its \$18.5 million Claim against the Estate, which Claim, to the extent Allowed, would vastly dilute recoveries and distributions on account of other General Unsecured Claims that are Allowed against the Estate. Although if the RXT ASA Settlement is not approved the Estate would retain the Debtor's interests in the Receivable Asset and its intercompany claims instead of assigning these to RXT ASA, the Receivable Asset is currently in dispute, the subject of potential litigation, and the intercompany receivables have a questionable and unliquidated value because these are owed by insolvent affiliates that are in the process of liquidating their affairs. These receivables would be collectible, if at all, only pursuant to the liquidation and other insolvency proceedings affecting these affiliated companies. In connection with any such efforts, the Estate would be expected to incur significant costs and delays in order to liquidate, allocate and actually obtain any recoveries from its affiliates and to navigate the various foreign insolvency proceedings required to accomplish same.

Secondly, the Plan provides for the creation of the Liquidating Trust. The purpose of the Liquidating Trust is to effectuate the orderly disposition and liquidation of the assets of the Estate, including Litigation Claims, and distribute the net proceeds to the beneficiaries of the Liquidating Trust. Litigation Claims, as defined in the Plan, however, are limited to Avoidance Actions arising under Chapter 5 of the Bankruptcy Code, and any objections to any Claims, including, without limitation, any counterclaim(s) by the Debtor against any Creditor or claimant (including for subordination or recharacterization). The Debtor does not believe that the Estate holds any significant Avoidance Actions but reserves all rights to assert same.

The Liquidating Trust's beneficiaries are holders of Allowed Claims and Equity Interests in any Class under the Plan. All Litigation Claims held by the Debtor or its Estate (including any counterclaims and/or other objections to Claims) shall, under the Plan, vest automatically in the Liquidating Trust to be administered by the Liquidating Trustee for the benefit of the Liquidating Trust's beneficiaries, except as expressly provided otherwise in the Plan.

The net recoveries on all assets held by the Liquidating Trust, comprised essentially of the Plan Funding, are to be shared among all Allowed Unsecured Claims following distributions in satisfaction to all Allowed Claims and Classes of Claims of higher priority, and to the extent that any proceeds remain after the payment in full of the Allowed amount of Allowed Unsecured Claims, by the Parent pursuant to its Allowed Subordinated Claim. Based upon its review of its books and records, the universe of Claims known to the Debtor, the Plan Funding amount, and estimated costs of administration of the Liquidating Trust, the Debtor believes that the Liquidating Trust will have sufficient assets to pay all Allowed Unsecured Claims in full, without interest (following the payment of Allowed Claims of senior priority, with interest as may be required), with some residual amount being returned to the Liquidator on account of the Allowed Subordinated Claim.

Notwithstanding, it is possible that certain contingencies, including but not limited to greater than expected amounts of filed Claims, Allowed Claims and/or costs of administration of the Liquidating Trust, that all Allowed General Unsecured Claims will ultimately not be paid in full. In such event, the holders of such Claims in Class 4 will share in the distribution of Liquidating Trust assets on a pro rata basis with all other Allowed Claims in Class 4 (following the payment of Allowed Claims of senior priority), and no Allowed Claims or equity interests of junior priority shall receive any distributions thereon.

The intent of the Plan is for the Liquidating Trust to receive the Plan Funding and all assets of the Debtor and the Estate (net of its accounts receivables assigned to RXT ASA for liquidation in exchange for the Plan Funding), together with all liability for unpaid, Allowed or allowable Claims, to resolve any Litigation Claims comprised essentially of objections and counterclaims to Claims, and to make distributions thereon as expeditiously as reasonably possible. The Liquidating Trustee is also charged under the Plan with filing all required post-confirmation tax returns of and for the Debtor, and with winding up the remaining affairs of the Debtor.

The Plan divides Claims against, and Equity Interests in, the Debtor into separate Classes of Claims³ and Equity Interests, and then sets out the treatment to be provided to each such Class under the Plan. Sections 1122 and 1123 of the Bankruptcy Code require such classification, with each Class to contain Claims, Equity Interests, or Equity Interests that are substantially similar to one another. The Plan classifies Claims against the Debtor into five (5) Classes, with a single Class of Equity Interests, for purposes of voting on and Distributions under the Plan.

The following table sets out the Debtor's estimates of the total Allowed amount of Claims and Equity Interests falling within each Class, and summary of the treatment afforded to each Class under the Plan. The information set forth within this table is qualified in its entirety by the more detailed information regarding the Plan set forth in this Disclosure Statement, the exhibits hereto (including the Plan itself), and the additional disclosures which follow the table.

³ There are two exceptions to the classification of Claims. Because Administrative Claims and Priority Tax Claims are subject to mandatory treatment under the Bankruptcy Code, they are not subject to classification.

SUMMARY OF TREATMENT OF CLASSES UNDER THE PLAN		
Class	Estimated Amounts	Treatment Under Plan
Unclassified – Allowed Administrative Claims	Est. Allowable Claims (including Professional Fee Claims): Approximately \$100,000	Paid in full within 10 business days of the later of the Effective Date or the date on which Allowed, unless in the ordinary course of business. Est. recovery: 100%
Unclassified – Allowed Priority Tax Claims	Est. Allowable Claims: Approximately \$150,000	Paid in full within 10 business days of the later of the Effective Date or the date on which Allowed. Est. recovery: 100%
Class 1 – Allowed Priority Non-Tax Claims	Est. Allowable Claims: Approximately \$75,000	Paid in full within 10 business days of the later of the Effective Date or the date on which Allowed. Est. recovery: 100%
Class 2 – Secured Tax Claims	Est. Allowable Claims: Approximately \$0.00	Paid in full, with statutory interest, within 10 business days of the later of the Effective Date or the date on which Allowed. Est. recovery: 100%
3 – Allowed Other Secured Claims	Est. Allowable Claims: Approximately \$0.00	Surrender of collateral, within 10 business days of the later of the Effective Date or the date on which Allowed. Est. recovery: 100%
4 – Allowed General Unsecured Claims	Est. Allowable Claims: Approximately \$64,000	Paid after satisfaction of Allowed Claims in senior Classes, with (initial) distribution to be made on account of Allowed Claims within 10 business days of the Effective Date or the date on which Allowed, and with further distributions of Net Available Funds of the Liquidating Trust made no less frequently than on a quarterly basis (to the extent available and necessary). Est. recovery: 100%
5 – Subordinated Claims	Allowable Claim: \$18,544,591.00	Paid after satisfaction of Allowed Claims in senior Classes, with initial distribution of Net Available Funds (if any) to be made within 10 business days of the Effective Date, and further distributions of Net Available Funds made no less frequently than on a quarterly basis to the extent available. Est. recovery: Unknown
6 – Equity Interests	Est. Equity Interests: n/a	No distribution. Est. recovery: None

Notwithstanding the foregoing, the Plan provides as to all Allowed Claims, including Unclassified Claims, that if and when the Liquidating Trustee determines in its sole discretion that it may complete all remaining distributions called for under this Plan in a single round of distributions, the Liquidating Trustee may delay making such distributions for a period not to exceed twenty (20) additional days, in order to allow the Liquidating Trustee to seek to close this Bankruptcy Case prior to making such distributions. Such mechanism is intended to allow for the expeditious closing of this Bankruptcy Case and the maximization of Liquidating Trust Assets for the benefit of its beneficiaries.

A. Factors and Assumptions Applied in Arriving at Estimates

The estimated Allowable Claims per Class in the foregoing table have been derived from the Schedules for the Debtor's Estate prepared by the Debtor's Professionals using information from the Debtor's books and records and other information available to them.

For putative Creditors listed on the Schedules who also file proofs of Claim in the Bankruptcy Case, applicable Bankruptcy Rules provide that the proofs of Claim will supersede any amounts reflected in the Schedules, unless objected to and Allowed in a different amount. The estimates in the foregoing table take into account Claims scheduled in a liquidated, non-contingent and undisputed amount.

The ultimate resolution of Claims is inherently uncertain. Moreover, as of the date of filing of this Disclosure Statement, the Bar Date has not yet expired, and therefore, the Debtor has not completed its evaluation of all Claims asserted or assertable against the Estate and cannot presume the validity of merit-based disputes or objections thereto. Any Claim which is a Disputed Claim may be Disallowed or reduced in amount if an objection has been, or is timely hereafter, filed and sustained by the Bankruptcy Court. Because the resolution of Disputed Claims involves many factual and legal issues which may or may not be resolved as anticipated, no assurance can be given that the anticipated amount of Allowable Claims in each Class would be accurate were these assumptions included in the foregoing estimates. Here, however, the Debtor has Scheduled only a few Disputed claims. The Debtor believes that the universe of Allowed Claims will be generally consistent with its Schedules, and that the current estimates of Allowable Claims shown herein above in each Class are reasonably precise given the particular circumstances.

Notwithstanding, the foregoing estimates contained herein shall not be deemed as any admission on the part of the Debtor, the Estate or the Liquidating Trustee to the validity of any Claim. Similarly, the projected recovery levels reflected in the table above are estimates only, there is no guaranty that such levels of recovery will be achieved, and such estimates shall not constitute an assurance on the part of the Debtor, the Estate or the Liquidating Trustee to the ultimate treatment of any Disputed Claims. Except as otherwise provided in the Plan, all objections and other defenses to Disputed Claims are preserved under the Plan.

III. VOTING PROCEDURES AND REQUIREMENTS

A. **Ballots and Voting Deadline**

Each holder of a Claim in an Impaired Class is entitled to vote on the Plan and shall be provided a Ballot along with this Disclosure Statement. If a Creditor holds Claims in more than one Class entitled to vote under the Plan, such Creditor has been provided a separate Ballot for each such Class. The Ballot is to be used by the Creditor to accept or reject the Plan.

To ensure that a Ballot is deemed timely and considered by the Debtor, a Creditor must (a) carefully review the Ballot and the instructions set forth thereon, (b) provide all of the information requested on the Ballot, (c) sign the Ballot, and (d) return the completed and signed Ballot to the Debtor by the Voting Deadline.

By Order of the Bankruptcy Court, the Voting Deadline is 5:00 p.m. (prevailing Central Time), on **[TBD DATE]**. Therefore, in order for a Ballot to be counted for voting purposes, the completed and signed Ballot must be received at the address specified below by no later than such Voting Deadline:

DEADLINE: Must Be **Received** By 5:00 p.m. (prevailing Central Time),
on **[TBD DATE]**

If by Overnight Carrier, Hand Delivery, or United States Postal Service, Deliver Ballots to:

Reservoir Exploration Technology, Inc. Ballot Processing
c/o Munsch Hardt Kopf & Harr, P.C.
Attn: Isaac Brown
3800 Lincoln Plaza
500 N. Akard Street
Dallas, Texas 75202-2790

If by Electronic (E-Mail or fax) Delivery, Transmit Ballots to:

E-Mail: ibrown@munsch.com
Facsimile: Munsch Hardt Kopf & Harr, P.C.
 Attn: Isaac Brown
 (214) 855-7584

B. **Creditors Solicited to Vote**

Each Creditor holding a Claim in a Class (excluding Class 6) which is impaired under the Plan is being solicited to vote on the Plan. However, as to any Claim for which a proof of Claim was filed and as to which an objection has been lodged, if such objection is still pending as of the Voting Deadline, the Creditor's vote associated with such Claim will not be counted to the extent of the objection to the Claim, unless and to the extent the Bankruptcy Court temporarily allows the Claim upon motion by such Creditor in an amount which the Bankruptcy Court deems proper

for the purpose of voting on the Plan. Such motion must be heard and determined by the Bankruptcy Court prior to the date and time established by the Bankruptcy Court for determination of confirmation of the Plan. In addition, a Creditor's vote may be disregarded if the Bankruptcy Court determines that the Creditor's acceptance or rejection of the Plan was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code, or that the Creditor is an insider of a Debtor within the meaning of section 101(31) of the Bankruptcy Code.

C. Definition of Impairment

Pursuant to section 1124 of the Bankruptcy Code, except to the extent that the holder of a particular claim or equity interest within a class agrees to less favorable treatment of the holder's claim or equity interest, a class of claims or equity interests is impaired under a plan unless, with respect to each claim or equity interest of such class, the plan does at least one of the following two (2) things:

1. The plan leaves unaltered the legal, equitable, and contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest; or
2. Notwithstanding any contractual provision or applicable law that entitles the holder of such claim or equity interest to demand or receive accelerated payment of such claim or equity interest after the occurrence of a default, the plan:
 - (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured;
 - (b) reinstates the maturity of such claim or equity interest as such maturity existed before such default;
 - (c) compensates the holder of such claim or equity interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law;
 - (d) if such claim or such equity interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensates the holder of such claim or equity interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and
 - (e) does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

D. Classes Impaired Under the Plan

Classes 4, 5 and 6 are impaired Classes of Claims and Equity Interests under the Plan. However, Class 6 Equity Interests are not scheduled to receive or retain any property under the Plan on account of their interests, and pursuant to section 1126(g) of the Bankruptcy Code, are deemed to reject the Plan and therefore will not be solicited to vote. Accordingly, holders of Claims within Classes 4 and 5 are being solicited to vote on the Plan. Classes 1 through 3 are unimpaired under the Plan. Therefore, such Classes are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, and Creditors holding Claims within such Class are not being solicited to vote on the Plan.

With respect to the foregoing, the Debtor specifically reserves the right to determine and contest, if necessary, (a) the impaired or unimpaired status of a Class under the Plan, and (b) whether any Ballots cast by Creditors holding Claims within such a Class should be counted for purposes of confirmation of the Plan.

E. Vote Required for Class Acceptance

Pursuant to section 1126(c) of the Bankruptcy Code, a Class of Claims under the Plan shall be deemed to have accepted the Plan if the Plan is accepted by Creditors holding at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims within such Class held by Creditors that have accepted or rejected the Plan. Pursuant to section 1126(e) of the Bankruptcy Code, on request of a party in interest in the Bankruptcy Case, and after notice and a hearing, the Bankruptcy Court may designate the vote of any Creditor whose acceptance or rejection of the Plan was not in good faith, or was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

**IV.
CONFIRMATION OF THE PLAN**

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

By Order of the Bankruptcy Court entered on [November __, 2013], the Confirmation Hearing has been scheduled to begin [TBD DATE], at [BLANK TIME], in the United States Bankruptcy Court, Courtroom of The Honorable D. Michael Lynn, Eldon B. Mahon U.S. Courthouse, 501 W. 10th Street, Fort Worth, Texas 76102-3643. Any objection to confirmation must be made in writing, and such written objection must be filed with the Bankruptcy Court and served on the following parties by not later than May 28, 2010, at 5:00 p.m.:

Debtor:

Reservoir Exploration Technology, Inc.
c/o Jason Rae
Chief Restructuring Officer
Lain, Faulkner & Co., PC

with copies to:

Jay H. Ong
Munsch Hardt Kopf & Harr, P.C.
3800 Lincoln Plaza
500 North Akard Street

400 N. St. Paul, Ste. 600
Dallas, Texas 75201

Dallas, Texas 75201-6659

United States Trustee:
Office of United States Trustee
Attn: William T. Neary
1100 Commerce Street, Room 976
Dallas, Texas 75242

**UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY FILED AND SERVED, IT
WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

B. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the confirmation requirements of section 1129(a) of the Bankruptcy Code have been satisfied. Only in the event that all of these requirements have been satisfied, and that all other conditions to confirmation set forth in the Plan have been met, will the Bankruptcy Court enter an Order confirming the Plan under section 1129(a). The requirements of section 1129(a) applicable to corporate debtors are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponent of the plan complies with the applicable provisions of the Bankruptcy Code.
3. The plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the court as reasonable.
5. The proponent of the plan has disclosed:
 - (a) the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity interest holders and with public policy; and
 - (b) the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.
7. With respect to each impaired class of claims or equity interests:
 - (a) each holder of a claim or equity interest of such class has accepted the plan or will receive or retain under the plan on account of such claim or equity interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code on such date; or
 - (b) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.
8. With respect to each class of claims or equity interests, such class has accepted the plan or such class is not impaired under the plan.
9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:
 - (a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;
 - (b) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive (i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim, or (ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim;
 - (c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash (i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim, (ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303 of the Bankruptcy Code, and (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and
 - (d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim

will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in paragraph 9(c) above.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider.
11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.
12. All fees payable under section 1930 of Title 28, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.
13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.
14. All transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

If a sufficient number of Creditors and amounts of Claims in impaired Classes under the Plan vote to accept the Plan, the Debtor believes that the Plan will satisfy all of the applicable statutory requirements of section 1129(a) of the Bankruptcy Code.

C. Cramdown

Pursuant to section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan at the request of the Plan Proponents if: (a) all of the requirements of section 1129(a) of the Bankruptcy Code, with the exception of section 1129(a)(8) (set out in paragraph 8 above), are met with respect to the Plan; (b) at least one Class of Claims that is impaired under the Plan has accepted the Plan (excluding the votes of insiders); and (c) with respect to each impaired Class that has not accepted the Plan, the Plan does not "discriminate unfairly" and is "fair and equitable."

The Debtor does not believe that confirmation of the Plan through the "cramdown" provisions of section 1129(b) of the Bankruptcy Code will be applicable here, because Class 5 (Subordinated Claims) is comprised of the Plan Funder, the Liquidator on behalf of RXT ASA, who the Debtor believes would vote for the Plan but is an insider of the Debtor. Accordingly, the Plan is not confirmable as presently structured unless Class 4 votes to accept the Plan, in which event unanimous acceptance of the Plan by all Classes of Claims is expected. The Debtor reserves the right to revoke, amend, and/or modify the Plan.

V.

SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE

A. Employment of Professionals

On the Petition Date, the Debtor also filed in the Bankruptcy Case its Application to employ and retain Lain Faulkner as its Financial Advisor and Consultants, including but not limited to the Debtor's retention of Jason Rae to serve as its CRO during the pendency of this Bankruptcy Case. As of the date of filing of this Disclosure Statement, such request remains pending.

Also on the Petition Date, the Debtor filed its Application to employ and retain Munsch Hardt Kopf & Harr, P.C. as its general bankruptcy counsel, which application, as of the date of filing of this Disclosure Statement, remains pending.

B. Bar Date

Also on the Petition date, in connection with the filing of the Plan and this Disclosure Statement, the Debtor filed its motion seeking an order of the Bankruptcy Court setting January 6, 2014, at 5:00 p.m. (prevailing Central Time), as the last date on which Creditors and Equity Interest holders could timely File proofs of Claims or Equity Interests in the Bankruptcy Case (as defined in the Plan, the "Bar Date"). This Bar Date applies to all Creditors, Equity Interest holders, and Equity Interest holders, but does NOT include Governmental Units. As to Governmental Units, the Debtor has requested that the Bar Date be set as May 5, 2014 at 5:00 p.m. (prevailing Central Time). As of the date of filing of this Disclosure Statement, such request remains pending.

C. Post-petition Operations and Administration of the Estate

Because the Debtor has ceased operations prior to the Petition Date, it has no need to continue the use of any pre-petition cash management systems or bank accounts, or to pay employee wages, in connection with such post-petition operations.

The Debtor does not believe it has any secured debts, and therefore does not utilize any Secured Creditor's Cash Collateral, nor does it intend to assume any executory contracts or unexpired leases in this Bankruptcy Case.

VI.

**SUMMARY OF THE CLAIMS, CLASSIFICATION
AND TREATMENT UNDER THE PLAN**

A. Introduction

A summary of the principal provisions of the Plan relating to the treatment of Classes of Claims and Equity Interests is set out herein. The summary is qualified in its entirety by the Plan itself, which is controlling in the event of any conflict. Additionally, the estimated amount of allowable Claims in the various Classes are estimates only and are not intended to be exact determinations. While the Debtor has made every effort to reasonably estimate such amounts, there is no guarantee that such estimates are accurate. Moreover, none of the descriptions herein

below in relation to such estimates shall constitute an admission on the part of the Debtor as to the validity of any Disputed Claims. Any Claim which is not Allowed by an Order of the Bankruptcy Court or pursuant to a settlement approved by an Order of the Bankruptcy Court may be Disallowed or reduced in amount if an objection has been, or is timely hereafter, filed and sustained by the Bankruptcy Court.

B. Classification of Claims, Equity Interests, and Equity Interests

The Plan provides for the division of Claims against, and Equity Interests in, the Debtor (except Administrative Claims and Priority Tax Claims) into Classes. A Claim is classified within a particular Class only to the extent that the Claim qualifies under the description of that Class. A proof of Claim asserting a Claim which is properly includable in more than one Class is only entitled to inclusion within a particular Class to the extent that it qualifies under the description of such Class, and shall be included within a different Class(es) to the extent that it qualifies under the description of such different Class(es). It is possible that a Claim may fall into more than one Class, such as in the case of an Administrative Tax Claim, Secured Tax Claim, or Priority Tax Claim. In such events, the Plan specifies the governing classification of such Claims and exclusively places such a Claim in only one Class (or unclassified class). A Claim that would qualify as an Administrative Tax Claim and as a Secured Tax Claim or a Priority Tax Claim is classified as an Administrative Tax Claim. A Claim that would qualify as a Secured Tax Claim and a Priority Tax Claim is classified as a Secured Tax Claim to the extent of any collateral securing same.

The Plan classifies Claims, Equity Interests, and Equity Interests as follows:

Unclassified Claims

Allowed Administrative Claims
Allowed Priority Tax Claims

Classified Claims and Equity Interests

Class 1:	Priority Non-Tax Claims
Class 2:	Secured Tax Claims
Class 3:	Other Secured Claims
Class 4:	General Unsecured Claims
Class 5:	Subordinated Claims
Class 6:	Equity Interests

C. Treatment of Unclassified Claims Under the Plan

1. Treatment of Allowed Administrative Claims

Pursuant to the Plan, in full and final satisfaction of Allowed Administrative Claims, each Allowed Administrative Claim will, unless otherwise agreed, be paid in full in cash by the later of ten (10) days after (a) the Effective Date of the Plan, or (b) becoming an Allowed Administrative Claim; *provided, however*, that (1) Allowed Administrative Claims that represent liabilities incurred on or after the Petition Date, but prior to the Effective Date, in the ordinary

course of the Debtor's businesses which may be paid in the ordinary course of the Debtor's businesses without Order of the Bankruptcy Court will be paid in accordance with the agreements related thereto, and (2) from and after the Effective Date, any fees and charges which are assessed under Chapter 123, Title 28, United States Code, in relation to the Bankruptcy Cases will be paid by the Liquidating Trustee.

Holders of Administrative Claims, other than Allowed Administrative Claims, ordinary course Administrative Claims, and the United States Trustee, must by not later than the Administrative Claims Bar Date: (a) file an application with the Bankruptcy Court for allowance of the Administrative Claim; (b) serve a copy of such application on the Debtor, the United States Trustee and, following the Effective Date of the Plan, the Liquidating Trustee; and (c) file and serve a notice of the filing of the application on all other parties entitled to notice in the Bankruptcy Case.

The Administrative Claims Bar Date is the thirtieth (30th) day after the Effective Date of the Plan, unless not a Business Day, in which case the Administrative Claims Bar Date will be the first Business Day thereafter. Failure to File and serve such application and notice by the Administrative Claims Bar Date will result in the Administrative Claim being forever barred and discharged.

The Debtor estimates that the ultimate amount of Allowed Administrative Claims is not likely to aggregate in excess of approximately \$150,000.00.

2. Treatment of Allowed Priority Tax Claims

Pursuant to the Plan, in full and final satisfaction of Allowed Priority Tax Claims, each Allowed Priority Tax Claim will, unless otherwise agreed, be paid by the Liquidating Trustee in full in cash by the later of ten (10) days after (a) the Effective Date, or (b) becoming an Allowed Priority Tax Claim.

The Debtor estimates that the ultimate amount of Allowed Priority Tax Claims is not likely to aggregate in excess of approximately \$150,000.

Notwithstanding the foregoing, if the Liquidating Trustee determines in its sole discretion that it may complete all distributions called for under this Plan in a single round of distributions, the Liquidating Trustee may delay making such distributions, including to all Allowed Unclassified Claims, for a period not to exceed twenty (20) additional days, in order to allow the Liquidating Trustee to seek to close this Bankruptcy Case prior to making such distributions.

D. Treatment of Classified Claims and Equity Interests Under the Plan

1. Treatment of Priority Non-Tax Claims (Class 1)

Pursuant to the Plan, in full and final satisfaction of Allowed Priority Non-Tax Claims, each Allowed Priority Non-Tax Claim will, unless otherwise agreed, be paid by the Liquidating Trustee from the Liquidating Trust, in full, with any interest mandated by applicable statute, in cash by the later of ten (10) days after (a) the Effective Date, or (b) becoming an Allowed Priority Non-Tax Claim. Notwithstanding the foregoing, if and when the Liquidating Trustee determines in its sole discretion that it may complete all remaining distributions called for under

this Plan in a single round of distributions, the Liquidating Trustee may delay making such distributions for a period not to exceed twenty (20) additional days, in order to allow the Liquidating Trustee to seek to close this Bankruptcy Case prior to making such distributions.

The Debtor estimates that the ultimate amount of Allowed Claims in this Class, comprised of employee claims for accrued and unpaid time off, is not likely to aggregate in excess of approximately \$75,000.00. This Class is unimpaired and deemed to accept the Plan.

2. Treatment of Allowed Secured Tax Claims (Class 2)

Pursuant to the Plan, in full and final satisfaction of Allowed Secured Tax Claims, each holder of an Allowed Secured Tax Claim shall retain all liens securing the same, which liens shall survive confirmation of the Plan with the same priority, extent, and validity that otherwise exists, and to the extent Allowed, shall be paid, by the Liquidating Trustee from the Liquidating Trust, the amount of such Secured Tax Claim, in full, and with any interest mandated by applicable statute, in cash, on the later of: (a) ten (10) Business Days after the Effective Date; or (b) the date that is ten (10) Business Days after becoming Allowed. Notwithstanding the foregoing, if and when the Liquidating Trustee determines in its sole discretion that it may complete all remaining distributions called for under this Plan in a single round of distributions, the Liquidating Trustee may delay making such distributions for a period not to exceed twenty (20) additional days, in order to allow the Liquidating Trustee to seek to close this Bankruptcy Case prior to making such distributions.

The Debtor estimates that it has no Secured Tax Claim liability. This Class is unimpaired and deemed to accept the Plan.

3. Treatment of Allowed Other Secured Claims (Class 3)

Pursuant to the Plan, in full and final satisfaction of any Allowed Other Secured Claims, No Class 3 Allowed Other Secured Claim shall be paid by the Estate, Liquidating Trust or from the assets of the Liquidating Trust. As of the Effective Date, any property securing a Class 3 Other Secured Claim is abandoned to the holder of such Secured Claim, and nothing in the Plan prejudices, limits, or impairs the ability of such holder to exercise any and all rights and remedies with respect to the same. Any unpaid amounts following the surrender of such collateral shall be treated as a Class 4 Unsecured Claim, subject to Allowance.

The Debtor estimates that it has no other Secured Claim liability. This Class is unimpaired and deemed to accept the Plan.

4. Treatment of Allowed General Unsecured Claims (Class 4)

Pursuant to the Plan, in full and final satisfaction of Allowed General Unsecured Claims, each Allowed General Unsecured Claim will be paid by the Liquidating Trustee from the Liquidating Trust, in cash, up to the amount of such Allowed Unsecured Claim, in cash, and without interest, attorney's fees, or costs, an initial distribution of Net Available Funds of the Liquidating Trust pro rata with other Allowed Claims in Class 4 (to the extent necessary), on the later of: (a) ten (10) Business Days after the Effective Date; or (b) the date that is ten (10) Business Days after such Unsecured Claim becomes Allowed.

Thereafter, the Liquidating Trustee shall make further, periodic distributions of Net Available Funds on account of Allowed General Unsecured Claims on no less than a quarterly basis, to the extent available, until all such Allowed Claims in Class 4 are paid in full, without interest, attorney's fees, or costs, or the corpus of the Liquidating Trust is exhausted.

Notwithstanding the foregoing, if and when the Liquidating Trustee determines in its sole discretion that it may complete all remaining distributions called for under this Plan in a single round of distributions, the Liquidating Trustee may delay making such distributions for a period not to exceed twenty (20) additional days, in order to allow the Liquidating Trustee to seek to close this Bankruptcy Case prior to making such distributions.

The Debtor estimates that the ultimate amount of Allowed Claims in this Class, comprised of employee non-priority claims for accrued and unpaid time off, is not likely to aggregate in excess of approximately \$64,000. The Debtor believes that the Liquidating Trust will have sufficient Net Available Funds as of the Effective Date to pay all Allowed Claims in this Class in full without the need for subsequent, deferred distributions. However, the Plan provides for such potential subsequent distributions from Net Available Funds because there can be no assurances that the Liquidating Trust will be able to pay all Allowed Claims in this Class in full through an initial distribution, unless and until the universe of Allowed Claims in this Class (and all senior Classes) is known.

This Class is impaired and entitled to vote to accept or to reject the Plan.

5. Treatment of Allowed Subordinated Claims (Class 5)

Pursuant to the Plan, in full and final satisfaction of Allowed Subordinated Claims, each Allowed Subordinated Claim, shall, to the extent Allowed and provided that any Net Available Funds remain with the Liquidating Trust after the payment in full of all other Classes of Claims as provided for in the Plan, be paid in full satisfaction, release and discharge of and in exchange for such Allowed Subordinated Claim, by the Liquidating Trustee from the Liquidating Trust, in cash, pro-rata with other Allowed Subordinated Claims, from such funds remaining.

The Debtor believes that the only Allowable Claim in this Class is the General Unsecured Claim of RXT ASA estimated by the Debtor to be in the amount of approximately \$18.5 million, but which RXT ASA, subject to confirmation of the Plan, has agreed shall be subordinated in payment to all Allowed General Unsecured Claims. This Class is impaired and entitled to vote to accept or to reject the Plan.

6. Treatment of Equity Interests (Class 6)

Pursuant to the Plan, holders of Equity Interests will receive no distributions under the Plan. Moreover, on the Effective Date, all Equity Interests shall be cancelled, extinguished, and otherwise rendered null, void and of no further force or effect whatsoever, except for the sole purpose of effectuating the wind-up and termination of the Debtor by the Liquidating Trustee pursuant to the provisions the Plan.

VII.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. RXT ASA Settlement

Confirmation and effectiveness of the Plan are contingent on the approval and performance of the RXT ASA Settlement, and the RXT ASA Settlement likewise requires that the Plan be confirmed (and the settlement thereby approved by the Bankruptcy Court) in order for the RXT ASA Settlement to be effective. For a description of the terms of the RXT ASA Settlement, please refer to page 4 of this Disclosure Statement, and sections 4.5 and 5.4 of the Plan.

B. Creation, Funding and Administration of Liquidating Trust

The Plan provides for the establishment of the Liquidating Trust on the Effective Date of the Plan. The Debtor, the Liquidating Trustee and all Creditors will be deemed to have adopted and approved the Trust Documentation establishing the Liquidating Trust as of the Effective Date of the Plan. In such capacity, the Liquidating Trustee shall administer the Plan on behalf of the Debtor and its Estate and shall make the Distributions called for thereunder to such Classes of Claims and all unclassified Claims. In the performance of his duties, the Liquidating Trustee shall have all rights powers and duties incident to causing performance of the obligations under the Plan or otherwise as may be reasonably necessary or appropriate for such purposes, including, without limitation, those of a chapter 11 trustee under section 1106 of the Bankruptcy Code.

The Liquidating Trustee's duties and powers under the Plan include, without limitation:

1. administering the Plan on behalf of the Debtor and according to the Plan's provisions, and taking all actions thereunder in the name of the Debtor;
2. acting as the sole officer and director of the Debtor for purposes of effectuating the terms of the Plan;
3. the authority to convey, transfer, and assign any and all property of the Estate consistent with the terms of the Plan and to take all actions necessary to effectuate same;
4. Authorization to take any action necessary to execute and deliver all documents necessary or appropriate to implement and administer the Plan, including, without limitation, any agreement entered into or instrument issued or in connection with the foregoing;
5. standing to monitor and seek to enforce the performance of obligations under the Plan and the performance of other provisions of the Plan.

The Liquidating Trustee is also required to keep or cause to be kept books and records detailing all receipts, disbursements and reserves in the administration of the Liquidating Trust.

1. Assets of Liquidating Trust

Effective immediately upon the occurrence of the Effective Date, the Liquidating Trust Property shall vest in the Liquidating Trust for all purposes. Specifically, on the Effective Date and in order to complete the transfer of the Liquidating Trust Property: (i) without the need for any further action by any Person or the Bankruptcy Court, all Litigation Claims held by the Estate against any Person shall vest in the Liquidating Trust for all purposes; and (ii) the Plan Funder (or the Debtor to the extent previously funded) shall transfer the Plan Funding to the Liquidating Trust. At such time, the Liquidating Trust shall also be deemed to have taken assignments of any bank accounts containing cash in the possession of the Debtor and the Estate.

Except as expressly provided otherwise in the Plan, the Liquidating Trust shall receive transfer of, and hold, all Liquidating Trust Property free and clear of any Liens, Claims, encumbrances, or interests in such property of any other Person except as provided in the Plan. With respect to any pending Litigation Claims vested in the Liquidating Trust, the Liquidating Trustee will, at the time of such vesting, be substituted as plaintiff in the place of the Debtor. The vesting and conveyances of all Liquidating Trust Property shall be accomplished pursuant to the Plan and the Confirmation Order and shall be effective without the need of further documentation or instruments of conveyance, other than the Plan and the Confirmation Order.

The Liquidating Trustee is then charged with liquidating the Liquidating Trust Property and Estate for the benefit of unpaid Allowed and Allowable Claims against the Debtor, in any Class as well as unclassified, unpaid Allowed and Allowable Claims, the holders of which must look solely to the Liquidating Trust as their sole source for distributions, repayment or other satisfaction from the Debtor or the Estate. The Liquidating Trustee is also charged with the duty to file tax returns for the Debtor, wind up its remaining affairs, and dissolve it.

With respect to Liquidating Trust Property of the Liquidating Trust, the Liquidating Trustee will generally have standing to assert, prosecute and settle any and all of objections, counterclaims, rights of setoff, rights of recoupment, and other defenses, subject only to any limitations set forth in the Plan or the Trust Documentation establishing the Liquidating Trust.

2. Appointment of Liquidating Trustee and Members of Trust Oversight Committee

As required under the Plan, the Liquidating Trust Documentation specifies the qualifications for the Liquidating Trustee. The Liquidating Trustee will be responsible for administering the Liquidating Trust consistent with the terms of the Plan, the Confirmation Order, and the Liquidating Trust Documentation, and will have all of the rights, obligations, powers and duties as set forth in the Plan and the Liquidating Trust Documentation. The Trust Documentation also provides procedures for the appointment of a successor Liquidating Trustee in the event of the death, resignation or discharge of the Liquidating Trustee.

Jason Rae, of the Dallas based accounting and consulting firm of Lain Faulkner, has been selected by the Debtor to serve as the Liquidating Trustee. On the Effective Date of the Plan, and pursuant to the Confirmation Order, Mr. Rae will be appointed as the Liquidating Trustee of the Liquidating Trust. Curricula vitae for Mr. Rae can be found at his firm website, located at: www.lainfaulkner.com/Professionals/JasonARae.aspx.

The Estate is of modest size and pursuant to the Plan, does not have complex causes of action to liquidate. Moreover, the Debtor believes that the Liquidating Trust will have sufficient assets to promptly pay Allowed Claims in full (excepting Class 5, which is intended to receive the remainder of any undistributed Liquidating Trust Property following the payment in full of senior classes in accordance with the Plan). Accordingly, the Plan and Liquidating Trust Documentation do not provide for the appointment of a trust oversight committee or board, but beneficiaries of the trust disputing the propriety of any conduct of the Liquidating Trustee may seek appropriate relief before the Bankruptcy Court.

The Liquidating Trustee will be the exclusive trustee of the Liquidating Trust Property for the purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), and from and after the transfer of Liquidating Trust Property to the Liquidating Trust, the representative of the Estate appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code with respect to Liquidating Trust Property. Creditors and parties in interest should further look to the Liquidating Trust Documentation for matters and provisions relating to, without limitation, the powers, responsibilities, appointment, removal and resignation of the Liquidating Trustee.

3. Compensation of Liquidating Trustee and Its Professionals

Subject to the provisions of the Liquidating Trust Documentation and the Plan, the Liquidating Trustee is to be compensated on an hourly basis for services rendered in administering the Liquidating Trust, based upon an hourly rate which is no more favorable to the Liquidating Trustee than the existing rate which he customarily charges (such rate being \$345.00 / hr.).⁴ The Liquidating Trustee shall have the right to retain the services of such Persons (including, without limitation, attorneys, accountants, and other agents) that, in the discretion of the Liquidating Trustee, are necessary and appropriate to assist him in the performance of his duties, and such eligible Persons include (pre- and post-Effective Date) professionals of the Debtor. All such costs, expenses and obligations incurred for or in connection with the administration of the Liquidating Trust shall be a charge against the Liquidating Trust Property in the Liquidating Trust, and are to be paid monthly or otherwise in the ordinary course of business of the Liquidating Trust, and without the need for Bankruptcy Court approval.

4. Other Material Terms Applicable to the Liquidating Trust

Pursuant to the Plan and the Liquidating Trust Documentation the Liquidating Trust is created for the purpose of liquidating the Liquidating Trust Property in accordance with Treasury Regulation section 301.7701-4(d) and making Distributions to its beneficiaries, and is not otherwise authorized to engage in any trade or business. The beneficiaries of the Liquidating Trust shall be comprised of the holders as of the Effective Date, of any unpaid Allowed and Allowable Claims against the Debtor, in any Class as well as unclassified, unpaid Allowed and Allowable Claims.

The Liquidating Trustee shall file federal income tax returns for the Liquidating Trust as appropriate.

⁴ Mr. Rae's rate applicable to his role as CRO is \$340 / hour due simply to an inadvertent clerical mistake. Rather than seek to correct that mistake, Mr. Rae and Lain Faulkner simply agreed to provide the Debtor and its estate the benefit of same during the pendency of his engagement as CRO.

5. Limitation of Liability

Under the Plan, the Liquidating Trustee, and its agents and retained Persons, are protected from any recourse, directly or indirectly, against them, by legal or equitable proceedings or otherwise, due to or by virtue of any contract, agreement, promise, undertaking, covenant, instrument or other writing executed by either of them on behalf of the Debtor, the Estate, or the Liquidating Trust for any authorized purpose in the administration of the Plan or the Liquidating Trust. Such liabilities, if any, are enforceable only against the Assets of the Liquidating Trust. Additionally, provided that the Liquidating Trustee acts in good faith, it is not personally liable for any action or omission in its administration of the Plan or the Liquidating Trust, and will be indemnified by the Estate and the Liquidating Trust, as applicable, against any and all such claims and liabilities except on the basis of gross negligence or willful misconduct. As to all legal matters, the Liquidating Trustee is entitled to rely upon the advice and opinions of its counsel.

C. Wind-Up and Termination of Debtor

On the Effective Date of the Plan, all Equity Interests will be deemed cancelled, extinguished and otherwise rendered null, void, and of no further force or effect whatsoever, except for the sole purpose of effectuating the wind-up and termination of the Debtor, and the Liquidating Trust shall be deemed to be the sole owner of 100% of the stock, member or other equity interests in each of the Debtor. Additionally, on the Effective Date, all remaining officers and directors of the Debtor will be deemed terminated and the Liquidating Trustee shall be deemed the sole member of the board of directors of the Debtor.

The Plan requires the Liquidating Trustee to wind up all remaining affairs of the Debtor and thereafter formally terminate its existence once the Liquidating Trustee determines that he may do so without adversely impacting the administration of the Plan or the Liquidating Trust, or the value of the Liquidating Trust Property. In connection therewith, the Liquidating Trustee will be authorized to execute any and all shareholder consents and/or resolutions deemed necessary by the Liquidating Trustee to cause such formal termination. All reasonable expenses incurred by the Debtor in winding up and terminating its existence will be paid from the Liquidating Trust and will be deemed to constitute expenses of administration of the Plan and the Liquidating Trust.

D. Cancellation of Notes and Instruments; Release of Liens

Except as expressly otherwise provided in the Plan, on the Effective Date of the Plan, all notes, instruments, certificates and other documents evidencing Claims against the Debtor or the Estate will be canceled and deemed terminated, and all Liens in or against the assets of the Debtor and their Estate will be automatically, and without any further action required by any party or the Bankruptcy Court, deemed released and extinguished.

E. Preservation of Causes of Action

Pursuant to the Plan, among the Liquidating Trust Property that will be vested in the Liquidating Trust on the Effective Date are Litigation Claims. Litigation Claims, as defined in the Plan, however, are limited to Avoidance Actions arising under Chapter 5 of the Bankruptcy Code, and any objections to any Claims, including, without limitation, any counterclaim(s) by

the Debtor against any Creditor or claimant (including for subordination or recharacterization). The Debtor does not believe that the Estate holds any significant Avoidance Actions but reserves all rights to assert same.

Specifically, the Plan provides that, except as expressly otherwise provided in the Plan, on and after the Effective Date, the Liquidating Trustee shall have authority and standing to prosecute, enforce, pursue, sue on, settle or compromise (or decline to do any of the foregoing) such Litigation Claims, including, but not limited to, any and all Adversary Proceedings pending as of the Effective Date in relation to the Bankruptcy Case in which the Debtor or Estate is a party seeking affirmative relief, and shall be deemed appointed as the representative of the Estate in accordance with section 1123(b)(3) of the Bankruptcy Code for the purposes of same. **The Plan expressly rejects any *res judicata* or preclusive effect that confirmation of the Plan might otherwise have on any such Litigation Claims assigned to the Liquidating Trust.**

F. Litigation Pending as of the Petition Date

As of the Petition Date, the Debtor was not a party to any pending legal actions or proceedings.

G. Potential Litigation

As of the Petition Date, the Debtor and its Estate held potential causes of action relating to the Receivable Asset, including but not limited to against RXT ASA and/or one or more of the Debtor's other affiliates, through RXT ASA, for the Debtor's net aliquot share of such Receivable Asset. The Debtor also held, as of the Petition Date, potential litigation claims against RXT ASA and/or other of its affiliates for potential revenue and/or cost allocation, sharing or liability. However, such affiliates, through and including RXT ASA, also are believed to hold mutual claims against the Debtor for potential revenue and/or cost allocation, sharing or liability. Pursuant to the Plan, these intercompany claims are proposed to be simplified, netted and resolved through the Debtor's assignment of any interest it may have in the Receivable Asset, in exchange for the Plan Funding and RXT ASA's agreement to reduce and subordinate intercompany claims against the Estate. No other affiliate / intercompany Claims are allowable against the Estate under the Plan.

1. Avoidance Causes of Action

Pursuant to sections 544, 548 and 550 of the Bankruptcy Code, a trustee (or debtor in possession pursuant to section 1107 of the Bankruptcy Code) may avoid actually or constructively fraudulent transfers of a debtor's interests in property, and recover, for the benefit of estate, any such transfer from immediate or subsequent transferees.

Notwithstanding the foregoing, the Debtor does not believe that it holds any significant Avoidance Actions, and believes that the Plan will pay all Allowed Claims in all unsecured Classes in full, except as otherwise agreed. Therefore, all Creditors, Equity Interest holders and parties in interest in the Plan and Bankruptcy Case are hereby notified that the Liquidating Trustee may not pursue any Avoidance Actions, but the Debtor reserves all rights for the Liquidating Trustee to pursue same.

PLEASE TAKE NOTICE: WITH THE EXCEPTION OF THOSE LITIGATION CLAIMS THAT ARE EXPRESSLY RELEASED OR WAIVED UNDER THE TERMS OF THE PLAN, ALL LITIGATION CLAIMS OF THE DEBTOR AND ITS ESTATE, WHETHER OR NOT SPECIFIED HEREIN, WILL BE PRESERVED AND TRANSFERRED TO THE LIQUIDATING TRUST UNDER THE PLAN. THE LACK OF DISCLOSURE OF ANY PARTICULAR CAUSE OF ACTION SHALL NOT BE DEEMED TO PRECLUDE OR CONSTITUTE *RES JUDICATA*, RELEASE OR WAIVER OF ANY SUCH CAUSE OF ACTION, IT BEING THE INTENTION OF THE DEBTOR FOR THE PLAN TO PRESERVE AND TRANSFER TO THE LIQUIDATING TRUST ANY AND ALL LITIGATION CLAIMS HELD BY THE DEBTOR OR ITS ESTATE AS OF THE EFFECTIVE DATE OF THE PLAN

VIII.

OTHER SIGNIFICANT PLAN PROVISIONS

A. Treatment of Executory Contracts and Unexpired Leases

Section 365 of the Bankruptcy Code sets out various provisions regarding executory contracts and unexpired leases. Pursuant to the Plan, all contracts and leases constituting executory contracts or unexpired leases under the provisions of section 365 of the Bankruptcy Code as of the Effective Date of the Plan which (a) have not been assumed or rejected by the Effective Date, or (b) have not been made the subject of a motion to assume which is pending as of the first date set for the hearing on confirmation of the Plan, will be deemed rejected as of the Effective Date in accordance with the provisions of section 365 of the Bankruptcy Code.

The Plan further provides that any Claim arising from the rejection of an executory contract or unexpired lease under the terms of the Plan must be evidenced by a Claim filed with the Bankruptcy Court and served on the Liquidating Trustee by not later than thirty (30) days following the Effective Date of the Plan. Any holder of such a Rejection Claim that fails to file and serve its Claim on or before said deadline shall be deemed to have waived such Claim in full, and such Claim shall be deemed Disallowed and discharged.

B. Distributions Under the Plan

Distributions under the Plan will only be made to Creditors holding Allowed Claims. A Claim is "Allowed" under the Plan: (a) to the extent that it is listed in the Schedules in a liquidated, non-contingent, and undisputed amount, but only if no proof of Claim is filed with the Bankruptcy Court to evidence such Claim on or before the Bar Date; or (b) as evidenced by a proof of Claim filed on or before the Bar Date, but only to the extent asserted in a liquidated amount, and only if no objection to the allowance of the Claim, and no motion to expunge the proof of Claim, is filed on or before the Claims Objection Deadline or such other applicable deadline as set by the Bankruptcy Court or Plan; or (c) to the extent allowed by a Final Order of the Bankruptcy Court.

- (a) Conditions to Distributions, Warranty of Entitlement, and Withholding

Each and every Creditor who receives and accepts a distribution under the Plan on account of an Allowed Claim is deemed to have warranted to the Liquidating Trustee that such Creditor is the lawful holder of the Allowed Claim, is authorized to receive the distribution, and that there are no outstanding commitments, agreements or understandings, express or implied, that may or can, in any way, defeat or modify the right of the Creditor to receive the Distribution.

Pursuant to the Plan, the Liquidating Trustee shall comply with all tax withholding and reporting requirements validly imposed on it by any governmental authority, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Accordingly, the Plan authorizes the Liquidating Trustee to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, payment of applicable withholding taxes from a Person's distribution, and/or conditioning distributions upon receipt of necessary tax reporting information.

1. Setoffs

The Plan also generally allows the Liquidating Trustee, pursuant to section 502(d) or 553 of the Bankruptcy Code or any applicable non-bankruptcy law, with an Order of the Bankruptcy Court, to setoff against any distribution to be made on account of an Allowed Claim any claims, rights, or Litigation Claims held by the Liquidating Trust against the holder thereof, and further provides that neither the failure to effect such a setoff nor the allowance of any Claim constitutes a waiver or release of any such claims, rights or Litigation Claims held by the Liquidating Trust.

2. Establishment of Reserves Under the Plan

The Plan requires that, in determining the amount of Net Available Funds which are available for Distribution to the beneficiaries of the Liquidating Trust at any particular time, the Liquidating Trustee is required to reserve a sufficient amount of funds, determined by the Liquidating Trustee in his sole discretion, to enable the Liquidating Trustee to pay potentially Allowable Disputed Claims, fund the costs of liquidating any Litigation Claims and to fund the costs of administering the Liquidating Trust until it is terminated.

3. Undeliverable and Unclaimed Distributions

Pursuant to the Plan, any distribution will be delivered to the holder based on the information set forth in its proof of Claim, or if none, then the Debtor's books and records provided however that any holder of a Claim may designate another address for the purposes by specifying same to the Liquidating Trustee in writing signed by the holder.

Unless otherwise ordered by the Bankruptcy Court, failure to present for payment a distribution check within ninety (90) days of the mailing results in waiver and forfeiture of the distribution.

Returned distributions identified by the U.S. Postal Service as undeliverable without any indication of a forwarding address will be retained for a period of ninety (90) days from the date of its original issuance. Failure of the holder of the Allowed Claim to come forward and claim the undelivered distribution by the end of such retention period will constitute the holder's unconditional and irrevocable waiver and forfeiture of any right to receive the distribution.

Forfeited distributions will be available to fund costs of administration of the Plan. The Liquidating Trustee has no obligation to independently undertake any investigation to determine the whereabouts of any holder of an Allowed Claim.

C. Means for Resolving Disputed Claims

Pursuant to the Plan, all objections to Claims must be filed on or before the Claims Objection Deadline. "Claims Objection Deadline" is defined under the Plan as sixty (60) days after the Effective Date of the Plan, unless extended by the Bankruptcy Court, for cause shown, upon motion filed with the Bankruptcy Court on or prior to such date. Any Disputed Claim as to which an objection is not filed on or before the Claims Objection Deadline will be deemed to constitute an Allowed Claim under the Plan following the Claims Objection Deadline.

To facilitate the timely and effective administration of Claims, the Plan further provides that, except as otherwise expressly contemplated by the Plan, following the later of the Effective Date of the Plan or the applicable Bar Date, no original or amended proof of Claim may be filed in the Bankruptcy Case to assert a Claim against the Estate without prior authorization of the Bankruptcy Court, and any such proof of Claim will be deemed null, void and of no force or effect. Notwithstanding the foregoing, the holder of a Claim shall be permitted to file an amended proof of Claim in relation to such Claim at any time if the sole purpose of the amendment is to reduce the amount of the Claim asserted.

Finally, the Plan provides that following the Effective Date, and without the necessity of notice and Bankruptcy Court approval, the Liquidating Trustee has the authority to resolve any Disputed Claim without the need for Bankruptcy Court approval.

D. Conditions to Confirmation and Effectiveness of the Plan

In addition to meeting the requirements of section 1129 of the Bankruptcy Code, in order for the Plan to be confirmed, the Bankruptcy Court must have entered the Confirmation Order in a form and substance satisfactory to the Debtor.

Following confirmation of the Plan, the following conditions precedent must be met before the Plan will become effective:

- (a) The Confirmation Order shall have become a Final Order;
- (b) the Plan Funder pays the Plan Funding;
- (c) the Liquidating Trust Documentation shall have been duly executed to the extent required; and
- (d) a notice of the Effective Date shall have been filed by the Debtor in the Bankruptcy Case.

The "Effective Date" of the Plan will be the first business date following the entry of the Confirmation Order, subject to the satisfaction or waiver (as applicable) of each of the above conditions precedent. If the Effective Date does not occur within thirty (30) days of the date on which the Bankruptcy Court's Confirmation Order is entered, then, unless the Bankruptcy Court orders otherwise with the consent of the Debtor, the Plan shall be deemed to be entirely null and void.

E. Effects of Confirmation of the Plan; Injunction and Exculpation

1. Binding Effect of Plan

Upon the Effective Date of the Plan, the Plan and each of its provisions will be binding on the Debtor, the Liquidating Trust, the Liquidating Trustee, all Creditors, all Equity Interest holders, and all Persons acquiring property under the Plan, whether or not they voted to accept the Plan, whether or not they had a right to vote on the Plan, whether or not any Claim or Equity Interest held by any of them is impaired under the Plan, Allowed in full, only in part, or Disallowed in full, and whether or not a Distribution is made to any of them under the Plan.

2. Vesting of Assets

Except as expressly otherwise provided in the Plan, on the Effective Date of the Plan all assets of the Estate will vest in the Liquidating Trust free and clear of all Claims, Liens and encumbrances, of any nature whatsoever.

3. Injunction Against Interference with Plan

Upon the Effective Date of the Plan, all holders of Claims, all holders of Equity Interests, and all other parties in interest in the Bankruptcy Case, along with their respective current and former officers, directors, principals, employees and agents, will be enjoined from taking any action to interfere with the implementation or consummation of the Plan.

4. Release and Exculpation

Pursuant to the Plan, the Exculpated Parties will neither have nor incur any liability to any Person for any action taken or omitted in soliciting acceptances of the Plan, except to the extent expressly provided otherwise by section 1125(e) of the Bankruptcy Code. "Exculpated Parties" is defined under the Plan as, collectively, the Debtor, Munsch Hardt Kopf & Harr, P.C., Lain Faulkner, the Plan Funder, and all of their respective attorneys, employees, officers, agents, and shareholders. Further, the Plan releases the Exculpated Parties, other than the Debtor, from any and all liability for any Claims of the Debtor, the Estate, the Liquidating Trust, any Creditor, or any Equity Interest holder, relating to the Debtor or Bankruptcy Case.

F. Modification of the Plan

Subject to the provisions of section 1127 of the Bankruptcy Code, the Debtor reserves the right to amend or modify the Plan (a) at any time prior to the Confirmation Date without Bankruptcy Court approval, or (b) at any time after the Confirmation Date, but prior to the Effective Date of the Plan, with Bankruptcy Court approval. In the event that the Debtor is required to provide the holders of Claims (or certain of them) the opportunity to re-vote on the Plan, as amended or modified, then each such holder that previously voted to accept or reject the Plan will be deemed to have cast the same vote for acceptance or rejection, as the case may be, of the Plan, as amended or modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previously cast vote for acceptance or rejection of the Plan.

G. Retention of Jurisdiction

Pursuant to the Plan, from and after the Effective Date of the Plan, the Bankruptcy Court will retain jurisdiction, to the fullest extent legally permitted, over the Bankruptcy Case, all proceedings arising under, arising in or related to the Bankruptcy Case, the Confirmation Order, the Plan and administration of the Liquidating Trust. The specific types of disputes and proceedings that the Bankruptcy Court will retain jurisdiction over are identified in section 11.1 of the Plan.

IX. COMPARISON OF PLAN TO ALTERNATIVES

A. Chapter 7 Liquidation Analysis

The most realistic alternative to the Plan is conversion of the Bankruptcy Case from a proceeding under Chapter 11 of the Bankruptcy Code to a proceeding under Chapter 7 of the Bankruptcy Code. A Chapter 7 case, sometimes referred to as a "straight liquidation," requires the liquidation of all of the debtor's assets by a Chapter 7 trustee. The cash realized from liquidation is subject to distribution to creditors in accordance with section 726 of the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, allowed secured claims, allowed administrative claims and allowed priority claims, unless subordinated pursuant to section 510 of the Bankruptcy Code, are entitled to be paid in cash, in full, before unsecured creditors and equity interest holders receive anything. Thus, in a Chapter 7 case, the recovery, if any, to creditors holding non-priority unsecured claims will depend upon the net proceeds left in the estate after all of the debtor's assets have been reduced to cash and all claims of higher priority have been satisfied in full.

Chapter 7 liquidation theoretically adds an additional layer of expense. As referenced above, conversion of a bankruptcy case to Chapter 7 will trigger the appointment of a Chapter 7 trustee having the responsibility of liquidating the debtor's assets. Pursuant to sections 326 and 330 of the Bankruptcy Code, the Chapter 7 trustee will be entitled to reasonable compensation in relation to the level of disbursements made to creditors, as follows: (a) up to 25% of the first \$5,000 disbursed; (b) up to 10% of the amount disbursed in excess of \$5,000 but not in excess of \$50,000; (c) up to 5% of any amount disbursed in excess of \$50,000 but not in excess of \$1,000,000; and (d) up to 3% of any amount disbursed in excess of \$1,000,000. Additionally, the Chapter 7 trustee will be entitled to retain his or her own professionals to assist in the liquidation and administration of the estate. The fees and expenses of such professionals, to the extent allowed, are also entitled to priority in payment as administrative claims. Chapter 7 administrative costs are entitled to priority in payment over Chapter 11 administrative costs. Nevertheless, Chapter 11 administrative costs continue to have priority over all other non-administrative priority claims and non-priority unsecured claims in the case.

Also, conversion to Chapter 7 could result in the appointment of a trustee having no experience or knowledge of the prior proceedings in the bankruptcy case or of the Debtor's business, its books and records and its assets, thus requiring additional delay and expense as the trustee attempts to investigate and evaluate such matters.

The Debtor is opposed to conversion of the Bankruptcy Case to Chapter 7 for several reasons. First, the Debtor believes that conversion could lead to additional layers of expense for the reasons stated above. Second, the Plan Funding and related compromises and accommodations of the Liquidator require confirmation of the Plan. In the event that the Plan is not confirmed, the Debtor and its Estate have no assurances of any funding from the Liquidator for distributions, nor any agreement of the Liquidator to reduce and subordinate its Claim against the Debtor, which could be Allowed in an amount as great as approximately \$18.5 million and vastly dilute recoveries to all other Allowed General Unsecured Claims. Although the Estate might have some potential recovery through or of the Receivable Asset, absent the Plan Funding, the Debtor's Estate would have only modest funds available – comprised primarily of unpaid retainers to Professionals, to the extent recoverable – to fund the prosecution and pursuit of the Estate's contingent and unliquidated claim to the Receivable Asset, and to resolve the allocation thereof. This would also potentially a substantial amount of time in order for the Chapter 7 trustee to become familiar with the Debtor, its prior business operations, assets, and potential litigation in order to wind the case up effectively.

In addition, conversion of the Bankruptcy Case would re-open the Bar Date and enable additional, otherwise barred Claims, to be asserted. Finally, conversion of the Bankruptcy Case to Chapter 7 will not otherwise materially alter the path of the Debtor. In this regard, often creditors will seek conversion of a Chapter 11 case in order to force a liquidation of the debtor's assets instead of the reorganization of the debtor's business. Here, the Plan provides for the structured liquidation of the Debtor's assets; therefore, conversion will not lead to a different ultimate result other than the loss of the Plan Funding and related compromises.

With respect to the "best interest of creditors" test of section 1129(a)(7) of the Bankruptcy Code, the Debtor does not believe that Creditors will achieve a greater recovery under Chapter 7 than under the Plan. Inasmuch as the Plan is a plan of liquidation, the comparison of likely distributions to holders of Allowed Claims under the Plan to likely distributions to holders of Allowed Claims in a Chapter 7 proceeding is similar, except that the Plan incorporates beneficial compromises which may not be available in chapter 7, and which are expected to pay all noninsider Allowed Claims in full, and on a much faster schedule than can be expected in a chapter 7 context, thus providing additional present value benefits to the recipients of distributions under the Plan. *See also* Article X (Material Risks and Uncertainties).

B. Alternative Plans

To date, no other proposed Chapter 11 plans have been filed in the Bankruptcy Case, and it is not anticipated that any other proposed Chapter 11 plan will be filed.

C. Dismissal

The most remote alternative possibility is dismissal of the Bankruptcy Case. If dismissal were to occur, the Debtor would no longer have the protection of the automatic stay and other applicable provisions of the Bankruptcy Code. Dismissal would force a race among Creditors to take control and dispose of the Debtor's available assets, comprised essentially of a net interest of the Debtor's in the Receivable Asset, and unsecured creditors, on an aggregate basis, would very likely fail to realize any recovery on their Claims.

X.

MATERIAL UNCERTAINTIES AND RISKS

In considering whether to vote to accept or reject the Plan, Creditors entitled to vote should consider the following risks associated with the Plan: (a) that all of the conditions to confirmation of the Plan are not satisfied or waived (as applicable); (b) that all of the conditions to the effectiveness of the Plan are not satisfied or waived (as applicable) or that such conditions are delayed by a significant period of time; (c) that estimations and projections may ultimately prove to be materially inaccurate; and (d) that the prosecution of Litigation Claims does not result in net recoveries or reduction of liabilities.

There can also be no assurance that the Plan will not be modified up to and through the Confirmation Date, and the Debtors reserve the right to modify the Plan, subject to compliance with the Bankruptcy Code, in the event the modification becomes warranted or necessary in furtherance of confirmation.

XI.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

Implementation of the Plan may have federal, state and local tax consequences to the Debtor and its Estate, as well as to Creditors, and Equity Interest holders. No tax opinion has been sought or will be obtained with respect to any tax consequences of the Plan, and the following disclosure does not constitute and is not intended to constitute either a tax opinion or tax advice to any Person.

This disclosure is provided for informational purposes only. Moreover, this disclosure summarizes only certain of the federal income tax consequences associated with the Plan's confirmation and implementation and does not attempt to comment on all such aspects. Similarly, this disclosure does not attempt to consider any facts or limitations applicable to any particular Creditor or Equity Interest holder that may modify or alter the consequences described below. This disclosure does not address state, local or foreign tax consequences or the consequences of any federal tax other than the federal income tax.

This disclosure is based upon the provisions of the Internal Revenue Code of 1986, as amended, the regulations promulgated thereunder, existing judicial decisions, and administrative rulings. In light of the expansiveness of such authorities, no assurance can be given that legislative, judicial or administrative changes will not be forthcoming that would affect the accuracy of the discussion below. Any such changes could be material and could be retroactive with respect to the transactions entered into or completed prior to the enactment or promulgation thereof. Finally, the tax consequences of certain aspects of the Plan are uncertain due to a lack of applicable legal authority and may be subject to judicial or administrative interpretations that differ from the discussion below.

CREDITORS AND OTHER EQUITY INTEREST HOLDERS, THEREFORE, ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM AND TO THE DEBTOR OF THE TRANSACTIONS

CONTEMPLATED BY THE PLAN, INCLUDING FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES.

B. Federal Income Tax Consequences to the Debtor

Under the terms of the Plan, all Assets of the Debtor and the Estate, and all Claims against the Debtor, will be transferred to the Liquidating Trust. On the Effective Date, and thereafter, the Debtor will have no continuing liability on such Claims. To the extent the Debtor realizes income as a result of the debt forgiveness associated with such transfers, such income will not constitute taxable income to the Debtor because the debt forgiveness arises in connection with a bankruptcy case under Title 11 of the United States Code.

Additionally, because the Plan provides for the wind-up and termination of the Debtor, the Debtor will lose the benefit of any net operating loss carry forward tax attributes.

C. Federal Income Tax Consequences Associated with Creation of Liquidating Trust

The Plan provides for the establishment of the Liquidating Trust and the eventual transfer of all of the Debtor's assets to the Liquidating Trust. The Debtor intends that the Liquidating Trust be taxed as a qualified settlement fund for federal income tax purposes. The Liquidating Trust shall take all necessary steps to insure that any tax obligations validly imposed on the trust are paid.

D. Additional Federal Income Tax Consequences

Equity Interest holders may, at some point in time, be required to recognize income or be allowed a deduction as a result of the implementation of the Plan. The exact tax treatment depends on each Equity Interest holder's method of accounting, the basis of the amount of distributions received, and whether and to what extent such Equity Interest holder has taken a bad debt reduction in prior taxable years with respect to a particular debt owed to it by a Debtor.

E. Tax Withholding

The Plan provides for the Liquidating Trustee to comply with all tax withholding and reporting requirements validly imposed on it by any governmental authority. Accordingly, it provides that distributions made pursuant thereto shall be subject to such withholding and reporting requirements, and authorizes the Liquidating Trustee to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, payment of applicable withholding taxes from a Person's distribution, and conditioning a Person's distributions upon receipt of necessary tax reporting information.

F. Disclaimers

PERSONS CONCERNED WITH THE TAX CONSEQUENCES OF THE PLAN SHOULD CONSULT THEIR OWN ACCOUNTANTS, ATTORNEYS AND/OR ADVISORS. THE DEBTOR MAKES THE ABOVE-NOTED DISCLOSURE OF POSSIBLE TAX CONSEQUENCES FOR THE SOLE PURPOSE OF ALERTING READERS TO TAX ISSUES THAT THEY MAY WISH TO CONSIDER. THE DEBTOR CANNOT, AND DOES NOT, REPRESENT THAT THE TAX CONSEQUENCES MENTIONED ABOVE ARE

COMPLETELY ACCURATE BECAUSE, AMONG OTHER THINGS, TAX LAWS EMBODY MANY COMPLICATED RULES THAT MAKE IT DIFFICULT TO STATE ACCURATELY WHAT THE TAX IMPLICATIONS OF ANY ACTION MIGHT BE.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, THE DEBTOR INFORMS ALL RECIPIENTS OF THIS DISCLOSURE STATEMENT THAT ANY U.S. TAX INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING THE EXHIBITS HERETO) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (A) AVOIDING PENALTIES UNDER THE INTERNAL REVENUE CODE, OR (B) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN.


XII. **CONCLUSION**

The Debtor believes that the Plan complies with section 1129 of the Bankruptcy Code and is fair and equitable and in the best interests of the Debtor, its Estate and Creditors. Accordingly, the Debtor urges Creditors holders receiving Ballots to vote to accept the Plan.


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DATED: November 5, 2013.

**RESERVOIR EXPLORATION
TECHNOLOGY, INC.**

By: 
Name: Jason Rae
Title: Chief Restructuring Officer

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