

**IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:	§	Chapter 11
	§	
HARVEST OIL & GAS, LLC, et al.	§	Case No. 09-50397
	§	(Jointly Administered)
Debtors	§	

**DEBTORS' PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE
UNITED STATES BANKRUPTCY CODE**

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INTRODUCTION.....	2
ARTICLE I RULES OF INTERPRETATION, COMPUTATION OF TIME, GOVERNING LAW,	
DEFINED TERMS	2
Section 1.1 Rules of Interpretation	2
Section 1.2 Computation of Time	2
Section 1.3 Governing Law	3
Section 1.4 Defined Terms	3
ARTICLE II NON-CLASSIFIED CLAIMS AND CERTAIN FEES AND TAXES	10
Section 2.1 Administrative Expense Claims	10
Section 2.2 Professional Fee Claims	11
Section 2.3 Priority Unsecured Tax Claims	11
Section 2.4 Certain Fees and Taxes	12
ARTICLE III CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS; BAR DATE	12
Section 3.1 Classification.....	12
Section 3.2 Identification of Classes.....	12
Section 3.3 Claims Bar Date.....	15
ARTICLE IV IMPAIRMENT AND VOTING OF CLASSES; TREATMENT OF CLASSES	15
Section 4.1 Class 1 – Priority Unsecured Claims	15
(a) Impairment and Voting	15
(b) Treatment	15
Section 4.2 Class 2 – Macquarie Secured Claim	15
(a) Impairment and Voting	15
(b) Treatment	16
(c) Cure of Defaults	16
Section 4.3 Class 3 – Wayzata Secured Claim	16
(a) Impairment and Voting	16
(b) Class 3 Treatment Subject to Allowance.	16
(c) Consensual Treatment	16
(d) Nonconsensual Treatment	17
(e) Cure of Defaults.	18
Section 4.4 Class 4 – Oil Well Lien Act Claims.....	19
(a) Class 4(a) – Grand Prairie Levee District A Lease Claims	19
(i) Impairment and Voting	19
(ii) Treatment.	19
(b) Class 4(b) – Louisiana State Lease 195 Claims	19
(i) Impairment and Voting.	19
(ii) Treatment.	19
(c) Class 4(c) – Louisiana State Lease 1227 Claims	20
(i) Impairment and Voting.	20
(ii) Treatment.	20
(d) Class 4(d) – Louisiana State Lease 2726 Claims	20
(i) Impairment and Voting.	20
(ii) Treatment.	20
(e) Class 4(e) – Louisiana State Lease 16664 Claims	20
(i) Impairment and Voting.	20
(ii) Treatment.	21

(f) Class 4(f) – Louisiana State Lease 16569 Claims	21
(i) Impairment and Voting.	21
(ii) Treatment.	21
(g) Class 4(g) – Louisiana State Lease 18014 Claims	21
(i) Impairment and Voting.	21
(ii) Treatment.	21
(h) Class 4(h) – Louisiana State Lease 16432 Claims	22
(i) Impairment and Voting.	22
(ii) Treatment.	22
(i) Class 4(i) – Louisiana State Lease 11189 Claims	22
(i) Impairment and Voting.	22
(ii) Treatment.	22
(j) Class 4(j) – Louisiana State Lease 5097 Claims	23
(i) Impairment and Voting.	23
(ii) Treatment.	23
(k) Class 4(k) – Louisiana State Lease 16818 Claims	23
(i) Impairment and Voting.	23
(ii) Treatment.	23
(l) Class 4(l) – Louisiana State Lease 16692 Claims	24
(i) Impairment and Voting.	24
(ii) Treatment.	24
(m) Class 4(m) – Louisiana State Lease 4407 Claims	24
(i) Impairment and Voting.	24
(ii) Treatment.	24
(n) Class 4(n) – Louisiana State Lease 4865 Claims	24
(i) Impairment and Voting.	24
(ii) Treatment.	25
(o) Class 4(o) – Louisiana State Lease 19680 Claims	25
(i) Impairment and Voting.	25
(ii) Treatment.	25
(p) Class 4(p) – Louisiana State Lease 16847 Claims	25
(i) Impairment and Voting.	25
(ii) Treatment.	25
Class 4(q) – Louisiana State Lease 335DP Claims	26
(i) Impairment and Voting.	26
(ii) Treatment.	26
(r) Class 4(r) – Louisiana State Lease 16443 Claims	26
(i) Impairment and Voting.	26
(ii) Treatment.	26
(s) Class 4(s) – Louisiana State Lease 17621 Claims	27
(i) Impairment and Voting.	27
(ii) Treatment.	27
(t) Class 4(t) – Louisiana State Lease 18078 Claims	27
(i) Impairment and Voting.	27
(ii) Treatment.	27
(u) Class 4(u) – Plaquemines Parish Government Agency Lease Claims	28

	(i) Impairment and Voting.	28
	(ii) Treatment.	28
	(v) Class 4(v) – Louisiana State Lease 1268 Claims	28
	(i) Impairment and Voting.	28
	(ii) Treatment.	28
	(w) Class 4(w) – Louisiana State Lease 15906 Claims	29
	(i) Impairment and Voting.	29
	(ii) Treatment.	29
	(x) Class 4(x) – Louisiana State Lease 16393 Claims	29
	(i) Impairment and Voting.	29
	(ii) Treatment.	29
	(y) Class 4(y) – Louisiana State Lease 16392 Claims	29
	(i) Impairment and Voting.	29
	(ii) Treatment.	30
	(z) Class 4(z) – Louisiana State Lease 16773 Claims	30
	(i) Impairment and Voting.	30
	(ii) Treatment.	30
	(aa) Class 4(aa) – Louisiana State Lease 16570 Claims	30
	(i) Impairment and Voting.	30
	(ii) Treatment.	30
	(bb) Class 4(bb) – Louisiana State Lease 16890 Claims	31
	(i) Impairment and Voting.	31
	(ii) Treatment.	31
Section 4.5	Class 5 – Other Secured Claims.	31
	(a) Impairment and Voting.	31
	(b) Treatment.	31
Section 4.6	Class 6 – General Unsecured Claims.	32
	(a) Impairment and Voting.	32
	(b) Treatment.	32
Section 4.7	Class 7 – State Lessor Audit Royalty Claims.	32
	(a) Impairment and Voting.	32
	(b) Treatment.	32
Section 4.8	Class 8 – Management Note Claim.	33
	(a) Impairment and Voting.	33
	(b) Treatment.	33
Section 4.9	Class 9 – Non-Warrant Equity Interests.	33
	(a) Impairment and Voting.	33
	(b) Treatment.	33
Section 4.10	Class 10 – Warrants.	33
	(a) Impairment and Voting.	33
	(b) Treatment.	33
ARTICLE V DISPUTED CLAIMS		34
Section 5.1	Right to Object to Claims.	34
Section 5.2	Deadline for Objecting to Claims.	34
Section 5.3	Deadline for Responding to Objections.	34
Section 5.4	Estimation of Claims.	34

Section 5.5	Payment of Disputed Claims.	34
ARTICLE VI EXECUTORY CONTRACTS AND UNEXPIRED LEASES		34
Section 6.1	Assumption and Rejection.	34
Section 6.2	Approval of Assumption and Rejection.	35
Section 6.3	Cure of Defaults.	35
Section 6.4	Rejection Damage Claims.	35
ARTICLE VII MEANS OF IMPLEMENTATION AND EXECUTION OF PLAN		35
Section 7.1	Generally.	35
Section 7.2	Directors and Officers.	36
Section 7.3	Causes of Action.	36
ARTICLE VIII DISTRIBUTIONS.....		36
Section 8.1	Distributions of Cash.	36
Section 8.2	Timing of Distributions.	36
Section 8.3	Record Date for Voting on Plan.	36
Section 8.4	Minimum Distributions; No Fractional Distributions; No Interest.	36
Section 8.5	Delivery of Distributions.	37
Section 8.6	Undeliverable Distributions.	37
Section 8.7	Withholding.	37
Section 8.8	Time Bar to Cash Payments.	37
Section 8.9	Existing Securities and Agreements.	38
ARTICLE IX ACCEPTANCE OR REJECTION OF THE PLAN		38
Section 9.1	Classes Entitled to Vote.	38
Section 9.2	Class Acceptance Requirement.	38
Section 9.3	Cramdown.	39
ARTICLE X EFFECT OF CONFIRMATION OF PLAN.....		39
Section 10.1	Vesting of Assets	39
Section 10.2	Amended Organizational Documents of Reorganized Debtors.....	39
Section 10.3	Amended and Restated Wayzata Credit Agreement.....	39
Section 10.4	Operation by Reorganized Debtors.....	39
Section 10.5	Injunction.	40
Section 10.6	Indemnification Obligations	40
Section 10.7	Discharge of Debtors and Claims	40
Section 10.8	No Successor Liability	40
Section 10.9	Exculpations.....	41
Section 10.10	Term of Injunction or Stays.	41
ARTICLE XI CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE		41
Section 11.1	Conditions.....	41
	(a) Confirmation Order.	41
	(b) Amended and Restated Wayzata Credit Agreement.	41
	(c) Oil Well Lien Act Claim Releases.	41
	(d) Tax Identification Number Affidavit.	42
	(e) Governmental Authorizations.	42
	(f) Execution of Documents; Other Actions.	42
Section 11.2	Notice of Effective Date.	42
Section 11.3	Revocation of Confirmation Order or Withdrawal of Plan	42

ARTICLE XII RETENTION OF JURISDICTION	42
Section 12.1 Retention of Jurisdiction	42
ARTICLE XIII MISCELLANEOUS	44
Section 13.1 Defects, Omissions, Amendments, and Modifications of the Plan.....	44
Section 13.2 Severability	44
Section 13.3 Revocation or Withdrawal of the Plan	44
Section 13.4 Dissolution of Committees	45
Section 13.5 Exemption from Securities Laws.....	45
Section 13.6 Successors and Assigns.....	45
Section 13.7 Notices	45
Section 13.8 Payment of Statutory Fees	46
Section 13.9 Additional Documents	46

INTRODUCTION

Pursuant to chapter 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), Saratoga Resources, Inc. (“Saratoga”), Harvest Oil & Gas, LLC (“Harvest Oil & Gas”), The Harvest Group, LLC (“Harvest Group” and together with Harvest Oil & Gas, the “Harvest Companies”), Lobo Operating, Inc. (“Lobo Operating”), and Lobo Resources, Inc. (“Lobo Resources” and together with Lobo Operating, the “Lobo Companies”), each a debtor and debtor-in-possession (Harvest Oil & Gas, Saratoga, Harvest Group, Lobo Operating, and Lobo Resources, individually referred to herein as a “Debtor” and collectively referred to herein as the “Debtors”), respectfully propose the following Plan of Reorganization (as it may be amended or supplemented from time to time, and including all Exhibits and Schedules, the “Plan”):

ARTICLE I **RULES OF INTERPRETATION, COMPUTATION OF TIME, GOVERNING LAW,** **DEFINED TERMS**

Section 1.1 **Rules of Interpretation.** Whenever appropriate from the context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and each pronoun, whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender. Any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions. Any reference in the Plan to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented. Unless otherwise specified, all references in the Plan to Sections, Articles, Exhibits, and Schedules are references to Sections, Articles, Exhibits, and Schedules of or to the Plan. Captions and headings to Sections, Articles, Exhibits, and Schedules are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan. In the event of a conflict between the terms of the body of this Plan and the terms of any Exhibit or Schedule, the terms of the body of this Plan shall control. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Any reference herein to any Law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time. The words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Plan in its entirety and not to any particular provision hereof. With respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including.” The rules of construction set forth in section 102 of the Bankruptcy Code shall apply. Any term used in the Plan that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to them in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

Section 1.2 **Computation of Time.** In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

Section 1.3 **Governing Law.** Except to the extent that the Bankruptcy Code or the Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed in accordance with, the Laws of the State of Louisiana, without giving effect to the principles of conflicts of laws thereof.

Section 1.4 **Defined Terms.** The following terms, as used herein, have the following meanings:

“Administrative Expense Claim” means any Claim constituting a cost or expense of the administration of the Bankruptcy Cases asserted under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including any actual and necessary costs and expenses of preserving the estates of the Debtors, any actual and necessary costs and expenses of operating the businesses of the Debtors, any indebtedness or obligations incurred or assumed by the Debtors in connection with the administration and implementation of the Plan, the administration, prosecution or defense of Claims by or against the Debtors and for distributions under the Plan, any Claims for compensation and reimbursement of expenses arising during the period from and after the Petition Date and to the Effective Date or otherwise in accordance with the provisions of the Plan, and any fees or charges assessed against the Debtors’ estates pursuant to 28 U.S.C. § 1930; provided that Professional Fee Claims shall not constitute Administrative Expense Claims.

“Affiliate” means, as to any Entity, any Subsidiary of such Entity, or any other Entity which, directly or indirectly, controls, is controlled by, or is under common control with, such Entity. For the purposes of this definition, “control” (including with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Entity, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Entity, whether through the ownership of voting securities or partnership interests, or by contract or otherwise.

“Allowed” means, with reference to any Claim or Equity Interest, (a) any Claim against or Equity Interest in any of the Debtors which has been listed by the Debtors in their Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim or interest has been filed, (b) any Claim or Equity Interest allowed hereunder, (c) any Claim or Equity Interest which is not Disputed, or (d) any Claim or Equity Interest which, if Disputed, (i) as to which, pursuant to the Plan or a Final Order of the Bankruptcy Court, the liability of the Debtors and the amount thereof are determined by a final order of a court of competent jurisdiction other than the Bankruptcy Court, or (ii) has been allowed by Final Order; provided, however, that any Claims or Equity Interests allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed” Claims or “Allowed” Equity Interests hereunder. Unless otherwise specified herein or by order of the Bankruptcy Court, “Allowed” Administrative Expense Claims, “Allowed” Claims, or “Allowed” Equity Interests shall not, for purposes of computation of distributions under the Plan, include interest on such Administrative Expense Claim, Claim or Equity Interest from and after the Petition Date.

“Amended Organizational Documents” means the Amended and Restated Certificate of Incorporation, the Amended and Restated Bylaws, and any other similar documents of the Reorganized Debtors required to implement the Plan, all of which shall comply with the requirements of 11 U.S.C. §§ 1123(a)(6)-(7).

“Assets” means all assets of any nature whatsoever, including the property of the Estates pursuant to section 541 of the Bankruptcy Code, Causes of Action, Cash, Cash equivalents, claims of right, interests and property, real and personal, tangible and intangible.

“Balloon Payment” means, with respect to a loan, debt, or other right to payment, the payment of all outstanding principal and all accrued but unpaid interest.

“Bankruptcy Cases” means the bankruptcy cases filed by the Debtors under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, which are being jointly administered under Case No. 09-50397.

“Bankruptcy Causes of Action” means all Claims and Causes of Action of the Debtors against any and all third parties of any type or description, including Claims for the recovery of (a) transfers of Cash, offsets, debt forgiveness and other types or kinds of property, or the value thereof, recoverable pursuant to sections 506, 507, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code, or otherwise applicable state or other law; (b) damages, general, exemplary, or both, or other relief relating to or based upon (i) fraud, negligence, gross negligence, willful misconduct, breach of contract or any tort actions, (ii) violations of federal or state laws, (iii) breaches of fiduciary or agency duties or professional malpractice, (iv) alter ego or other liability theories; (c) any and all other damages or other relief based upon any other claim or Cause of Action of the Debtors to the extent not settled by Final Order prior to Confirmation and not specifically compromised or released pursuant to the Plan or an agreement referred to, or incorporated into, the Plan or Final Order entered after notice and opportunity for hearing; (d) any Claims or Causes of Action of the Debtors for equitable subordination under section 510(c) of the Bankruptcy Code or under other applicable laws; and (e) all unresolved objections to any Disputed Claims.

“Bankruptcy Code” has the meaning set forth in the initial paragraph hereof.

“Bankruptcy Court” means the United States Bankruptcy Court for the Western District of Louisiana or such other court having jurisdiction over the Bankruptcy Cases.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Bankruptcy Cases, promulgated by the United States Supreme Court under 28 U.S.C. § 2075 and any Local Rules of the Bankruptcy Court.

“Basis Point” means one-hundredth of one percent (0.01%).

“Business Day” means a day other than a Saturday, a Sunday or any other day on which commercial banks in Lafayette, Louisiana are required or authorized to close by law or executive order.

“Cash” means the lawful currency of the United States of America.

“Causes of Action” means any and all actions, causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands of the Debtors whatsoever, whether known or unknown, in law, equity or otherwise, including any and all Bankruptcy Causes of Action or other causes of action under title 11 of the United States Code. Causes of Action include those described on **Exhibit G** of the Disclosure Statement, which are specifically retained under the terms of this Plan and, notwithstanding anything herein to the contrary, shall not be impaired in any way by this Plan, Confirmation, the occurrence of the Effective Date, or otherwise.

“Claim” means any right to payment from any of the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, known or unknown; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from any of the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

“Class” means a category of holders of Claims or Equity Interests, as more fully described in Article III of the Plan.

“Clerk” means the clerk of the Bankruptcy Court.

“Collateral” means any property or interest in property of the Debtors’ Estates subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code, or other applicable Law.

“Confirmation” means the entry of the Confirmation Order.

“Confirmation Date” means the date upon which the Clerk enters the Confirmation Order on the docket in the Bankruptcy Cases.

“Confirmation Hearing” means the hearing to consider Confirmation of the Plan in accordance with section 1129 of the Bankruptcy Code, as the same may be adjourned from time to time.

“Confirmation Order” means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

“Consummation” means the occurrence of the Effective Date.

“Debtor” has the meaning set forth in the initial paragraph hereof.

“Debtors” has the meaning set forth in the initial paragraph hereof.

“Disclosure Statement” means the Disclosure Statement filed by the Debtors on August 17, 2009, as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions hereof relating to the Plan, including all exhibits and

schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

“Disputed Claim” means any Claim against any of the Debtors, to the extent the allowance of which is the subject of a timely objection or request for estimation in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Confirmation Order, or is otherwise disputed by the Debtors in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order.

“Distribution” means a distribution of Cash or other non-Cash consideration made by the Debtors or, after the Effective Date, the Reorganized Debtors pursuant to the Plan.

“Effective Date” means the time on the first Business Day (a) which is on or after the date of the entry of the Confirmation Order and (b) on which (i) no stay of the Confirmation Order is in effect and (ii) all conditions to the effectiveness of the Plan have been satisfied or waived as provided in Article XI.

“Entity” means a person, a corporation, a general partnership, a limited partnership, a limited liability company, a limited liability partnership, an association, a joint stock company, a joint venture, an estate, a trust, an unincorporated organization, a Governmental Authority or any subdivision of any of the foregoing or any other entity.

“Equity Holders’ Committee” means the official committee for the holders of Equity Interests in the Debtors appointed by the U.S. Trustee pursuant to 11 U.S.C. § 1102, as it may be constituted from time to time.

“Equity Interest” has the meaning assigned to the term “Equity Security” in section 101(16) of the Bankruptcy Code. Except as otherwise indicated, references to Equity Interests in this Plan shall be deemed to refer to Equity Interests in the Debtors.

“Estates” means the estates created upon the commencement of the Bankruptcy Cases by section 541 of the Bankruptcy Code.

“Fee Application” means an application of a Professional under section 330, 331, or 503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Bankruptcy Cases.

“File” or “Filed” means file or filed with the Bankruptcy Court in the Bankruptcy Cases.

“Final Decree” means the decree contemplated under Bankruptcy Rule 3022 as applied to these Bankruptcy Cases.

“Final Order” or “Final Judgment” means (a) an order or judgment of a court of competent jurisdiction as to which the time to appeal, file a writ of mandamus, petition for certiorari or move for re-argument, reconsideration or rehearing has expired and as to which no appeal, writ of mandamus, petition for certiorari or other proceeding for re-argument, reconsideration or rehearing shall then be pending; or (b) in the event that an appeal, writ of mandamus, petition for certiorari or motion for re-argument, reconsideration or rehearing has

been sought with respect to an order or judgment, such order or judgment shall have been affirmed by the highest court to which such order or judgment may be appealed, and/or certiorari and mandamus shall have been denied and the time to take any further appeal, petition for writ of mandamus or certiorari or move for re-argument, reconsideration or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order or Final Judgment.

“General Unsecured Claim” means a Claim that is not a/an (a) Administrative Expense Claim, (b) Professional Fee Claim, (c) Priority Unsecured Tax Claim, (d) Priority Unsecured Claim, (e) Secured Claim, or (f) Equity Interest. General Unsecured Claims includes all other Claims not separately classified under the Plan or provided for in Article II.

“Governmental Authority” means any court, tribunal, or governmental department, commission, board, bureau, agency or instrumentality of any nation or of any province, state, commonwealth, nation, territory, possession, county, parish, municipality, or other subdivision thereof, whether now or hereafter constituted or existing.

“Harvest Companies” has the meaning set forth in the initial paragraph hereof.

“Harvest Group” has the meaning set forth in the initial paragraph hereof.

“Harvest Oil & Gas” has the meaning set forth in the initial paragraph hereof.

“Impaired” or “Impairment” has the meaning set forth in section 1124 of the Bankruptcy Code.

“Interest” means the rights of a stockholder that owns shares, warrants or options in any of the Debtors arising from his or her status as holder of an Equity Interest.

“Investor” means an Entity that makes capital contributions after Confirmation of at least Twenty Million Dollars (\$20,000,000.00) to the Debtors in return for common stock.

“Laws” means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions or decrees of any state, commonwealth, nation, territory, possession, county, township, parish, municipality or Governmental Authority.

“Lender Professional Fees and Expenses Claim” means a Claim or portion thereof by Wayzata or any Affiliate thereof in respect of fees and expenses of lawyers, accountants, consultants, advisors, or other professionals.

“Lien” means a lien, security interest, or other interest or encumbrance as defined in section 101(37) of the Bankruptcy Code asserted against any property of the Estate. “Lien” includes “privileges” under the Laws of the State of Louisiana (including the Oil Well Lien Act).

“Lobo Companies” has the meaning set forth in the initial paragraph hereof.

“Lobo Operating” has the meaning set forth in the initial paragraph hereof.

“Lobo Resources” has the meaning set forth in the initial paragraph hereof.

“Macquarie” means Macquarie Bank Limited.

“Macquarie Claim” means all Claims of Macquarie based upon the Macquarie Credit Agreement.

“Macquarie Credit Agreement” means the Amended and Restated Credit Agreement by and among Macquarie, Saratoga, and certain of their Affiliates dated on or about July 14, 2008, and all related agreements, guarantees, financing statements, mortgages, pledges, and other documents.

“Management Notes” means the Subordinated Promissory Note by and between Saratoga and Thomas F. Cooke dated on or about July 14, 2008, and the Subordinated Promissory Note by and between Saratoga and Andrew Clifford also dated on or about July 14, 2008.

“Management Note Claim” means all Claims of Thomas F. Cooke and Andrew Clifford based upon the Management Notes.

“Oil Well Lien Act” means the Louisiana Oil, Gas, and Water Oil Well Lien Act, LSA-R.S. 9:4861, *et seq.*

“Oil Well Lien Act Claims” means all Claims based upon the Oil Well Lien Act.

“Person” means a person as defined in section 101(41) of the Bankruptcy Code.

“Petition Date” means the date (March 31, 2009) and time at which the Debtors commenced the Bankruptcy Cases.

“PIK” means, with respect to a payment, payment in kind whereby the interest due is converted to principal and added to the then-outstanding principal.

“Plan” has the meaning set forth in the initial paragraph hereof.

“Plan Documents” means all of the agreements, instruments and documents as the Debtors or, after the Effective Date, the Reorganized Debtors, in their sole discretion, deem necessary or appropriate to effectuate the terms and conditions of or transactions contemplated by the Plan.

“Priority Unsecured Claims” means any Claim against the Debtors entitled to priority in right of payment under sections 507(a)(3)-(7) of the Bankruptcy Code.

“Priority Unsecured Tax Claim” means any Claim against the Debtor entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code, but only to the extent entitled to such priority.

“Professional” means an Entity (a) employed in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) to whom compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

“Professional Fee Claim” means those fees and expenses claimed by Professionals pursuant to sections 330, 331 and/or 503 of the Bankruptcy Code, and unpaid as of the Confirmation Date.

“Proven Producing Preserves” means those reserves of crude oil, condensate, natural gas, and natural gas liquids that, based on geologic and engineering data, are reasonably certain to be commercially recovered from existing completion intervals open at the time of the estimate and producing in existing wells.

“Reorganized Debtors” means the Debtors following the Effective Date.

“Reorganized Saratoga” means Saratoga following the Effective Date.

“Saratoga” has the meaning set forth in the initial paragraph hereof.

“Schedules” means the respective schedules of assets and liabilities, the list of Interests, and the statements of financial affairs filed by the Debtors in accordance with section 521 of the Bankruptcy Code and the official Bankruptcy Forms of the Bankruptcy Rules as such schedules and statement have been or may be supplemented or amended.

“Secured Claim” means a Claim against any of the Debtors that is secured by a validly perfected Lien on collateral or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Collateral or to the extent of the amount subject to setoff, as applicable, as determined in accordance with section 506(a) of the Bankruptcy Code.

“State Lessor Audit Royalty Claim” means a Claim against any of the Debtors that is (a) based upon under- or non-payment of royalties due under an applicable lease of property of the State of Louisiana including amounts due for cure of defaults under assumed leases and pecuniary losses resulting from defaults under such leases, and (b) not a Priority Unsecured Tax Claim.

“Subsidiary” means, for any Entity, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Entities performing similar functions (including that of a general partner) are at the time directly or indirectly owned, collectively, by such Entity and any Subsidiaries of such Entity. The term Subsidiary shall include Subsidiaries of Subsidiaries (and so on).

“Taxes” means all taxes, assessments, filing or other fees, levies, imposts, duties, deductions, withholdings, stamp taxes, interest equalization taxes, capital transaction taxes, severance taxes, foreign exchange taxes or other charges, or other charges of any nature whatsoever, from time to time or at any time imposed by Law or any federal, state or local governmental agency, and “Tax” means any one of the foregoing.

“Unimpaired” has the meaning set forth in section 1124 of the Bankruptcy Code.

“Unsecured Creditors’ Committee” means the official committee for the holders of General Unsecured Claims against the Debtors appointed by the U.S. Trustee pursuant to 11 U.S.C. § 1102, as it may be constituted from time to time.

“Wayzata” means Wayzata Investment Partners, LLC.

“Wayzata Claim” means all Claims of the Wayzata Parties based upon the Wayzata Credit Agreement.

“Wayzata Credit Agreement” means the Credit Agreement by and among Wayzata, Saratoga, and certain of their Affiliates dated on or about July 14, 2008, and all related agreements, guarantees, financing statements, mortgages, pledges, and other documents.

“Wayzata New Shares” means shares of common stock in Reorganized Saratoga equal in number to the number of warrants for common stock in Saratoga issued to Wayzata immediately prior to the closing of the acquisition of the Harvest Companies, which represented five percent (5%) of the issued and outstanding shares of common stock on an as-converted basis.

“Wayzata Parties” means Wayzata, Wayzata Opportunities Fund LLC, and Wayzata Opportunity Fund II, L.P.

ARTICLE II

NON-CLASSIFIED CLAIMS AND CERTAIN FEES AND TAXES

Section 2.1 Administrative Expense Claims.

(a) Allowed Administrative Expense Claims Against the Debtors. Subject to the bar date provisions of Section 2.1(b), the holders of Allowed Administrative Expense Claims against any of the Debtors, unless otherwise agreed to by the Debtors and the holder(s) or set forth in this Plan, are entitled to priority under section 507(a)(1) of the Bankruptcy Code. An Entity entitled to payment pursuant to sections 546(c) or 553 of the Bankruptcy Code, and an Entity entitled to payment of administrative expenses pursuant to sections 503 and 507(a) of the Bankruptcy Code, shall receive from the Reorganized Debtors, on account of such Allowed Administrative Expense Claim, Cash in the amount of such Allowed Administrative Expense Claim on or before the later of the Effective Date or thirty (30) days after becoming an Allowed Administrative Expense Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates), unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such Entity; provided that an Allowed Administrative Expense Claim representing a liability incurred in the ordinary course of business of the Debtors may be paid by the Debtors or the Reorganized Debtors in the ordinary course of business.

(b) Bar Date for Filing Applications for Allowance and Payment of Administrative Expense Claims. Applications for allowance and payment of Administrative Expense Claims must be filed on or within thirty (30) days after the Effective Date. The Court shall not consider any applications for the allowance of an Administrative Expense Claim filed

after such date, and any such Administrative Expense Claim shall be discharged and forever barred. Any Administrative Expense Claim that becomes an Allowed Administrative Expense Claim after the Confirmation Date will be treated like other Allowed Administrative Expense Claims and will be paid on or before the later of the Effective Date or thirty (30) days after becoming an Allowed Administrative Expense Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates), unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and the holder of such Claim. Any such Claim that is Allowed, but determined not to be an Administrative Expense Claim, will be treated as a General Unsecured Claim.

Section 2.2 **Professional Fee Claims.**

(a) Allowed Professional Fee Claims Against the Debtors. Each holder of an Allowed Professional Fee Claim shall receive from the Reorganized Debtors, on account of such Allowed Professional Fee Claim, Cash in the amount of such Allowed Professional Fee Claim on or before the later of the Effective Date or thirty (30) days after becoming an Allowed Professional Fee Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates), unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder.

(b) Bar Date for Filing Applications for Allowance and Payment of Professional Fee Claims Against the Debtors. Applications for allowance and payment of Professional Fee Claims incurred on or before the Confirmation Date must be filed on or within sixty (60) days from the Effective Date. The Bankruptcy Court shall not consider any applications for the allowance of a Professional Fee Claim filed after such date, and any such Professional Fee Claim shall be discharged and forever barred.

Section 2.3 **Priority Unsecured Tax Claims.**

(a) Allowed Priority Unsecured Tax Claims. Each holder of an Allowed Priority Unsecured Tax Claim shall receive from the Reorganized Debtors Cash payments commencing upon the Effective Date that will, no later than the five (5) years from the Petition Date, in the aggregate equal the amount of such Allowed Priority Unsecured Tax Claim, with interest at such rate as required by section 511 of the Bankruptcy Code or otherwise required by section 1129(a)(9)(C) or (D) of the Bankruptcy Code, unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder.

(b) Disallowance of Certain Interest and Penalties on Allowed Priority Unsecured Tax Claims. Holders of Priority Unsecured Tax Claims shall not receive any payment on account of penalties, with respect to, or arising in connection with such Priority Unsecured Tax Claims to the extent permissible under applicable Law, except as expressly provided in this Plan. However, such Holders of Priority Unsecured Tax Claims will receive post-Petition Date interest. The Plan, the Confirmation Order and section 1141(d) of the Bankruptcy Code provide for the discharge of any such Claims for penalties. Holders of Priority Unsecured Tax Claims shall not assess or attempt to collect such penalties from the Debtors, the Reorganized Debtors, the Estates, or from any property thereof.

Section 2.4 **Certain Fees and Taxes.**

(a) **U.S. Trustee's Fees.** The Debtors shall timely pay quarterly fees assessed pursuant to 28 U.S.C. § 1930(a)(6) until the Bankruptcy Court enters a Final Decree or an order either converting the Bankruptcy Cases to cases under chapter 7 of the Bankruptcy Code or dismissing the Bankruptcy Cases. Any such fees outstanding and due as of the Effective Date shall be paid in Cash by the Reorganized Debtors on the Effective Date.

(b) **Disallowance of Special Taxes.** The issuance, transfer, or exchange of a security as defined under the Bankruptcy Code or applicable Law, or the making or delivery of any instrument of transfer under this Plan, shall not be subject to any Tax under any state or local law imposing a stamp Tax or similar Tax as provided in section 1146 of the Bankruptcy Code.

ARTICLE III
CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS; BAR DATE

Section 3.1 **Classification.** Pursuant to section 1122 of the Bankruptcy Code, a Claim or Equity Interest is placed in a particular Class for purposes of voting on the Plan and receiving Distributions under the Plan only to the extent (i) the Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest in that Class, and (ii) the Claim or Equity Interest has not been paid, released, or otherwise compromised before the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, and Priority Unsecured Tax Claims are not classified under the Plan.

Section 3.2 **Identification of Classes.** The following are the designations for the Classes of Claims against the Estate and Interests in the Debtor:

Class 1 – Priority Unsecured Claims	Unimpaired	All Allowed Priority Unsecured Claims
Class 2 – Macquarie Secured Claim	Impaired	All Allowed Secured Claims arising under the Macquarie Claim
Class 3 – Wayzata Secured Claim	Impaired	All Allowed Secured Claims arising under the Wayzata Claim
Class 4 – Oil Well Lien Act Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act
Class 4(a) – Grand Prairie Levee District A Lease Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect Grand Prairie Levee District A Lease (Plaquemines Parish)
Class 4(b) – Louisiana State Lease 195 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 195 (Plaquemines Parish)

Class 4(c) - Louisiana State Lease 1227 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 1227 (Plaquemines Parish)
Class 4(d) - Louisiana State Lease 2726 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 2726 (Plaquemines Parish)
Class 4(e) - Louisiana State Lease 16664 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16664 (Plaquemines Parish)
Class 4(f) - Louisiana State Lease 16569 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16569 (Plaquemines Parish)
Class 4(g) - Louisiana State Lease 18014 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 18014 (Plaquemines Parish)
Class 4(h) - Louisiana State Lease 16432 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16432 (Plaquemines Parish)
Class 4(i) - Louisiana State Lease 11189 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 11189 (Plaquemines Parish)
Class 4(j) - Louisiana State Lease 5097 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 5097 (St. Mary Parish)
Class 4(k) - Louisiana State Lease 16818 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16818 (Plaquemines Parish)
Class 4(l) - Louisiana State Lease 16692 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16692 (Plaquemines Parish)
Class 4(m) - Louisiana State Lease 4407 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 4407 (Plaquemines Parish)
Class 4(n) - Louisiana State Lease 4865 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 4865 (Plaquemines Parish)
Class 4(o) - Louisiana State Lease 19680 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 19680 (Plaquemines Parish)

Class 4(p) - Louisiana State Lease 16847 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16847 (Plaquemines Parish)
Class 4(q) - Louisiana State Lease 335DP Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 335DP (Plaquemines Parish)
Class 4(r) - Louisiana State Lease 16443 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16443 (Plaquemines Parish)
Class 4(s) - Louisiana State Lease 17621 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 17621 (Plaquemines Parish)
Class 4(t) - Louisiana State Lease 18078 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 18078 (Plaquemines Parish)
Class 4(u) - Plaquemines Parish Government Agency Lease Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect Plaquemines Parish Government Agency Lease (Plaquemines Parish)
Class 4(v) - Louisiana State Lease 1268 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 1268 (Plaquemines Parish)
Class 4(w) - Louisiana State Lease 15906 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 15906 (Plaquemines Parish)
Class 4(x) - Louisiana State Lease 16393 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16393 (Plaquemines Parish)
Class 4(y) - Louisiana State Lease 16392 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16392 (Plaquemines Parish)
Class 4(z) - Louisiana State Lease 16773 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16773 (Plaquemines Parish)
Class 4(aa) - Louisiana State Lease 16570 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16570 (Plaquemines Parish)

Class 4(bb) – Louisiana State Lease 16570 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16890 (Plaquemines Parish)
Class 5 – Other Secured Claims	Impaired	All Allowed Secured Claims not in Class 2, 3, or 4
Class 6 – General Unsecured Claims	Impaired	All Allowed General Unsecured Claims
Class 7 – State Lessor Audit Royalty Claims	Impaired	All Allowed State Lessor Audit Royalty Claims
Class 8 – Management Note Claim	Impaired	All Allowed Claims arising under the Management Note Claim
Class 9 – Non-Warrant Equity Interests	Impaired	All Allowed Equity Interests in Saratoga other than warrants
Class 10 – Warrants	Unimpaired	All Allowed Equity Interests in Saratoga that are warrants

Section 3.3 **Claims Bar Date.** Except as otherwise provided herein, all Claims must be filed with the Bankruptcy Court on or before August 14, 2009. The Bankruptcy Court shall not consider any Claim filed after such date, and any such Claim shall be discharged and forever barred.

ARTICLE IV
IMPAIRMENT AND VOTING OF CLASSES; TREATMENT OF CLASSES

Section 4.1 **Class 1 – Priority Unsecured Claims.**

(a) **Impairment and Voting.** Claims in Class 1 are Unimpaired. Holders of Allowed Priority Unsecured Claims in Class 1 are not entitled to vote to accept or reject the Plan.

(b) **Treatment.** The Reorganized Debtors shall pay to each holder of an Allowed Priority Unsecured Claim Cash in the amount of such Allowed Priority Unsecured Claim on the later of the Effective Date and the date such Priority Unsecured Claim becomes an Allowed Priority Unsecured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates), unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder.

Section 4.2 **Class 2 – Macquarie Secured Claim.**

(a) **Impairment and Voting.** The Claim in Class 2 is Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holder of the Allowed Secured Claim in Class 2 is entitled to vote to accept or reject the Plan.

(b) Treatment.

(i) Pursuant to the terms of Article VI, on the Effective Date, the Macquarie Credit Agreement will be assumed and all cure payments required by section 365(b)(1) of the Bankruptcy Code will be made; provided that the Reorganized Debtors shall use commercially reasonable efforts to comply with the hedging requirements in the Macquarie Credit Agreement as soon as is practicable but shall not be required to comply with such requirements until ninety (90) days after the Effective Date. The Liens under the Macquarie Credit Agreement and all other terms of the Macquarie Credit Agreement shall be unaffected by the Plan, Confirmation, and Consummation, and such Liens shall maintain the same validity, priority, and extent that existed on the Petition Date.

(ii) Additional details about the treatment, terms, and conditions of the Allowed Secured Claim are set forth in **Exhibit A**. The Debtors reserve the right at any time before the Effective Date to amend, restate, or supplement **Exhibit A**.

(c) Cure of Defaults. On the Effective Date, all defaults under all agreements between any Debtor and Macquarie or any Affiliate (including the Macquarie Credit Agreement) shall be deemed cured.

Section 4.3 **Class 3 – Wayzata Secured Claim.**

(a) Impairment and Voting. The Claim in Class 3 is Impaired. Subject to the terms and conditions of this Plan (including Article V, Article IX, and Section 4.3(b)), the holder of the Allowed Secured Claim in Class 3 is entitled to vote to accept or reject the Plan.

(b) Class 3 Treatment Subject to Allowance. **Exhibit G** to the Disclosure Statement lists potential Causes of Action against, and potential defenses to the Claims of, a number of Entities (including the Wayzata Parties), which are now under investigation by the Debtors. In accordance with Section 7.3, and for the avoidance of doubt, Confirmation of the Plan will not impair or limit any of the Debtors' defenses or Causes of Action against any and all of the Wayzata Parties or others, all of which shall be preserved and maintained to be prosecuted by the Debtors and, after the Effective Date, the Reorganized Debtors.

(c) Consensual Treatment. In the event that Wayzata votes to accept the Debtors' Plan, Wayzata's Allowed Secured Claim shall be treated as follows:

(i) The Allowed Secured Claim arising under the Wayzata Claim shall be paid by the Reorganized Debtors in Cash as follows: (x) for a period of six (6) months following the Effective Date, no payments shall be made, provided, however, that interest accrued during that period shall be capitalized, (y) from the seventh (7th) month following the Effective Date through the twenty-fourth (24th) month following the Effective Date, monthly payments of interest only at ten percent (10%) per annum, (z) from the twenty-fifth (25th) month following the Effective Date through the sixtieth (60th) month from the Effective Date, regular monthly payments of principal plus interest at ten percent (10%) per annum calculated based on a twelve (12) year amortization schedule, and (aa) on the fifth (5th) anniversary of the Effective Date, a Balloon Payment of all principal, interest, Allowed fees and costs then due. Notwithstanding the foregoing, the Reorganized

Debtors may, in their sole discretion and without any penalty, pay any amount required or allowed to be paid under this Section 4.3(c) before it is due.

(ii) In addition to the foregoing, in respect of the Allowed Secured Claim arising under the Wayzata Claim, on the later of the Effective Date and the date the Secured Claim arising under the Wayzata Claim becomes an Allowed Secured Claim, the holder of the Allowed Secured Claim shall receive the Wayzata New Shares.

(iii) The Liens under the Wayzata Credit Agreement on which the Allowed Secured Claim is based shall be unaffected by the Plan, Confirmation, and Consummation, and such Liens shall maintain the same validity, priority, and extent that existed on the Petition Date.

(iv) Notwithstanding anything herein to the contrary, if the Debtors object to any Lender Professional Fees and Expenses Claim by Wayzata or any Affiliate, whether such Claim is asserted on its own or as part of another Claim, then no payment shall be made in respect of the Lender Professional Fees and Expenses Claim unless, until, and only to the extent that such Claim is Allowed and the Bankruptcy Court has determined such Claim to reflect only necessary and appropriate fees and expenses; provided that, at the Debtors' sole discretion, the necessary and appropriate portion of an Allowed Lender Professional Fees and Expenses Claim may be converted to principal and paid in accordance with Section 4.3(c)(i).¹

(v) Additional details about the treatment, terms, and conditions of the Allowed Secured Claim are set forth in **Exhibit B**, which shall form the basis for an Amended and Restated Credit Agreement to be agreed upon by and among Reorganized Saratoga, Wayzata, and other appropriate Entities. The Debtors reserve the right at any time before the Effective Date to amend, restate, or supplement **Exhibit B**.

(d) Nonconsensual Treatment. In the event that Wayzata does not vote to accept the Debtors' Plan, Wayzata's Allowed Secured Claim shall be treated as follows:

(i) The Allowed Secured Claim arising under the Wayzata Claim shall be paid by the Reorganized Debtors in Cash (x) in quarterly payments of interest over a term of five (5) years with simple interest on the outstanding principal at ten percent (10%) per annum from the Effective Date to the fifth (5th) anniversary of the Effective Date, or such other rate as the Bankruptcy Court may set², and (y) in a Balloon Payment on the fifth (5th) anniversary of the Effective Date; provided that, if the Reorganized Debtors in the reasonable exercise of their business judgment conclude that oil and natural gas prices, hurricanes or tropical storms, or other macroeconomic factors make it necessary or appropriate, then the Reorganized Debtors may make any interest payment

¹ On a telephonic status conference with the Court, Wayzata's counsel stated to the Court and all counsel that Wayzata would bear responsibility for the cost and fees incurred by Netherland Sewell & Associates, Inc.

² The Debtors reserve the right to request that the Bankruptcy Court determine an appropriate rate of interest, at less than ten percent (10%) in accordance with the factors set forth in *Till v. SCS Credit Corp.*, 541 U.S. 465, 124 S.Ct. 1951 (2004), or to utilize the *Till* analysis to conclude that 10% is an appropriate and fair interest rate, whether market or risk based.

due on or before the second (2nd) anniversary of the Effective Date payable in PIK; provided, further, that any payment in PIK shall be calculated based on a fifteen percent (15%) per annum interest rate on the outstanding principal during that quarter. Notwithstanding the foregoing, the Reorganized Debtors may, in their sole discretion and without any penalty, pay any amount required or allowed to be paid under this Section 4.3(d) before it is due; provided that, if the Reorganized Debtors have paid any quarterly interest payment in PIK, then the Reorganized Debtors shall use commercially reasonable efforts to prepay in Cash the amount of that PIK payment within one (1) year of it having been made.

(ii) If capital contributions to the Debtors in return for common stock are made by Investor after Confirmation, then as of the date of the capital contribution the interest rate specified in Section 4.3(d)(i)(x) shall be reduced as follows to reflect the further reduction of the post-Effective Date market risk undertaken by Wayzata under this Plan: (x) if Twenty Million Dollars (\$20,000,000.00) of such contributions is raised, then the interest rate shall be reduced by one hundred (100) Basis Points; and (y) for every Ten Million Dollars (\$10,000,000.00) of such contributions after the first Twenty Million Dollars (\$20,000,000.00), the interest rate shall be reduced by an additional fifty (50) Basis Points; provided that, notwithstanding the foregoing, the interest rate shall not be lower than eight percent (8%) per annum.

(iii) The Liens under the Wayzata Credit Agreement on which the Allowed Secured Claim is based shall be unaffected by the Plan, Confirmation, and Consummation, and such Liens shall maintain the same validity, priority, and extent that existed on the Petition Date.

(iv) Notwithstanding anything herein to the contrary, if the Debtors object to any Lender Professional Fees and Expenses Claim by Wayzata or any Affiliate, whether such Claim is asserted on its own or as part of another Claim, then no payment shall be made in respect of the Lender Professional Fees and Expenses Claim unless, until, and only to the extent that such Claim is Allowed and the Bankruptcy Court has determined such Claim to reflect only necessary and appropriate fees and expenses; provided that, at the Debtors' sole discretion, the necessary and appropriate portion of an Allowed Lender Professional Fees and Expenses Claim may be converted to principal and paid in accordance with Section 4.3(d)(i).

(v) Additional details about the treatment, terms, and conditions of the Allowed Secured Claim are set forth in **Exhibit B**, which shall form the basis for an Amended and Restated Credit Agreement to be agreed upon by and among Reorganized Saratoga, Wayzata, and other appropriate Entities. The Debtors reserve the right at any time before the Effective Date to amend, restate, or supplement **Exhibit B**.

(e) Cure of Defaults. On the Effective Date, all defaults under all agreements between any Debtor and Wayzata or any Affiliate (including the Wayzata Credit Agreement) shall be deemed cured.

Section 4.4 **Class 4 – Oil Well Lien Act Claims.**

(a) **Class 4(a) – Grand Prairie Levee District A Lease Claims**

(i) **Impairment and Voting.** Claims in Class 4(a) are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(a) are entitled to vote to accept or reject the Plan.

(ii) **Treatment.** Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(a) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim **plus** (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date **plus** (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; **provided** that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(b) **Class 4(b) – Louisiana State Lease 195 Claims**

(i) **Impairment and Voting.** Claims in Class 4(b) are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(b) are entitled to vote to accept or reject the Plan.

(ii) **Treatment.** Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(b) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim **plus** (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date **plus** (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; **provided** that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(c) Class 4(c) – Louisiana State Lease 1227 Claims

(i) Impairment and Voting. Claims in Class 4(c) are Impaired. Subject to the terms and conditions of the Plan (including and), the holders of Allowed Secured Claims in Class 4(c) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(b) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(d) Class 4(d) – Louisiana State Lease 2726 Claims

(i) Impairment and Voting. Claims in Class 4(d) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(d) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(d) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(e) Class 4(e) – Louisiana State Lease 16664 Claims

(i) Impairment and Voting. Claims in Class 4(e) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(e) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(e) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(f) Class 4(f) – Louisiana State Lease 16569 Claims

(i) Impairment and Voting. Claims in Class 4(f) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(f) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(f) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(g) Class 4(g) – Louisiana State Lease 18014 Claims

(i) Impairment and Voting. Claims in Class 4(g) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(g) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(g) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after

the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(h) Class 4(h) – Louisiana State Lease 16432 Claims

(i) Impairment and Voting. Claims in Class 4(h) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(h) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(h) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(i) Class 4(i) – Louisiana State Lease 11189 Claims

(i) Impairment and Voting. Claims in Class 4(i) are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(i) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(i) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the

attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(j) Class 4(j) – Louisiana State Lease 5097 Claims

(i) Impairment and Voting. Claims in Class 4(j) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(j) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(j) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(k) Class 4(k) – Louisiana State Lease 16818 Claims

(i) Impairment and Voting. Claims in Class 4(k) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(k) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(k) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(l) Class 4(l) – Louisiana State Lease 16692 Claims

(i) Impairment and Voting. Claims in Class 4(l) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(l) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(l) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(m) Class 4(m) – Louisiana State Lease 4407 Claims

(i) Impairment and Voting. Claims in Class 4(m) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(m) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(m) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(n) Class 4(n) – Louisiana State Lease 4865 Claims

(i) Impairment and Voting. Claims in Class 4(n) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the

holders of Allowed Secured Claims in Class 4(n) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(n) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(o) Class 4(o) – Louisiana State Lease 19680 Claims

(i) Impairment and Voting. Claims in Class 4(o) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(o) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(o) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(p) Class 4(p) – Louisiana State Lease 16847 Claims

(i) Impairment and Voting. Claims in Class 4(p) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(p) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall

pay to each holder of an Allowed Secured Claim in Class 4(p) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(q) Class 4(q) – Louisiana State Lease 335DP Claims

(i) Impairment and Voting. Claims in Class 4(q) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(q) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(q) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(r) Class 4(r) – Louisiana State Lease 16443 Claims

(i) Impairment and Voting. Claims in Class 4(r) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(r) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(r) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the

Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(s) Class 4(s) – Louisiana State Lease 17621 Claims

(i) Impairment and Voting. Claims in Class 4(s) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(s) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(s) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(t) Class 4(t) – Louisiana State Lease 18078 Claims

(i) Impairment and Voting. Claims in Class 4(t) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(t) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(t) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual

amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(u) Class 4(u) – Plaquemines Parish Government Agency Lease Claims

(i) Impairment and Voting. Claims in Class 4(u) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(u) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(u) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(v) Class 4(v) – Louisiana State Lease 1268 Claims

(i) Impairment and Voting. Claims in Class 4(v) are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(v) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(v) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(w) Class 4(w) – Louisiana State Lease 15906 Claims

(i) Impairment and Voting. Claims in Class 4(w) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(w) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(w) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(x) Class 4(x) – Louisiana State Lease 16393 Claims

(i) Impairment and Voting. Claims in Class 4(x) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(x) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(x) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(y) Class 4(y) – Louisiana State Lease 16392 Claims

(i) Impairment and Voting. Claims in Class 4(y) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the

holders of Allowed Secured Claims in Class 4(y) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(y) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(z) Class 4(z) – Louisiana State Lease 16773 Claims

(i) Impairment and Voting. Claims in Class 4(z) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(z) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(z) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(aa) Class 4(aa) – Louisiana State Lease 16570 Claims

(i) Impairment and Voting. Claims in Class 4(aa) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(aa) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall

pay to each holder of an Allowed Secured Claim in Class 4(aa) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

(bb) Class 4(bb) – Louisiana State Lease 16890 Claims

(i) Impairment and Voting. Claims in Class 4(bb) are Impaired. Subject to the terms and conditions of the Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 4(bb) are entitled to vote to accept or reject the Plan.

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(bb) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

Section 4.5 Class 5 – Other Secured Claims.

(a) Impairment and Voting. Claims in Class 5 are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Secured Claims in Class 5 are entitled to vote to accept or reject the Plan.

(b) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim not in Class 2, 3, or 4(a) – 4(bb) on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) Cash in the amount of (i) the Allowed Secured Claim plus (ii) simple interest on the Allowed Secured Claim of six percent (6%) per annum from the Petition Date to the Effective Date plus (iii) the holder's reasonable attorneys' fees related to prosecution of the

Allowed Secured Claim, supported by documentation acceptable to the Reorganized Debtors in their reasonable discretion; provided that the attorneys' fees due in respect of any Allowed Secured Claim, regardless of the actual amount thereof, shall not exceed the lesser of (x) One Thousand Dollars (\$1,000.00) and (y) five percent (5%) of the amount of the Allowed Secured Claim.

Section 4.6 **Class 6 – General Unsecured Claims.**

(a) Impairment and Voting. Claims in Class 6 are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Claims in Class 6 are entitled to vote to accept or reject the Plan.

(b) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed General Unsecured Claim in Cash, at the written election of such holder prior to the Confirmation Date, (i) (x) four-fifths (4/5) of the amount of the Allowed General Unsecured Claim on the later of the Effective Date and the date the General Unsecured Claim becomes an Allowed General Unsecured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) and, (y) ninety (90) days after the Effective Date, one-fifth (1/5) of the amount of the Allowed General Unsecured Claim plus simple interest of six percent (6%) per annum from the Effective Date on the later-paid portion of the Claim or (ii) ninety-eight percent (98%) of the amount of the Allowed General Unsecured Claim on the later of the Effective Date and the date the General Unsecured Claim becomes an Allowed General Unsecured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates).

Section 4.7 **Class 7 – State Lessor Audit Royalty Claims.**

(a) Impairment and Voting. Claims in Class 7 are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Claims in Class 7 are entitled to vote to accept or reject the Plan.

(b) Treatment. At the sole discretion of the Reorganized Debtors:

(i) The Reorganized Debtors shall pay to each holder of an Allowed State Lessor Audit Royalty Claim Cash in the amount of such Allowed State Lessor Audit Royalty Claim on the later of the Effective Date and the date such State Lessor Audit Royalty Claim becomes an Allowed State Lessor Audit Royalty Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates), unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder; or

(ii) Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed State Lessor Audit Royalty Claim in Cash (x) the amount of such Allowed State Lessor Audit Royalty Claim in four equal quarterly installments over a one year period commencing on the later of the Effective Date and the date such State Lessor Audit Royalty Claim becomes an Allowed State Lessor Audit Royalty Claim, or

as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates), or in equal quarterly installments over such longer period as may be agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, plus (y) on the first (1st) anniversary of the Effective Date, interest on the unpaid portion of the Claim at the Louisiana judicial rate of interest in effect at the time(s) that such State Lessor Audit Royalty Claims arose.

Section 4.8 **Class 8 – Management Note Claim.**

(a) Impairment and Voting. Claims in Class 8 are Impaired. Subject to the terms and conditions of this Plan (including Article V and Article IX), the holders of Allowed Claims in Class 8 are entitled to vote to accept or reject the Plan.

(b) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Management Note Claim in Cash the amount of such Allowed Management Note Claim due on the Effective Date in four equal quarterly installments commencing on the later of the Effective Date and the date such Management Note Claim becomes an Allowed Management Note Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates). Pursuant to the terms of Article VI, on the Effective Date the Management Notes will be assumed and the Reorganized Debtors shall pay in Cash in accordance with the terms of the Management Notes all amounts due after the Effective Date under the Management Notes in respect of the Allowed Management Note Claim.

Section 4.9 **Class 9 – Non-Warrant Equity Interests.**

(a) Impairment and Voting. Non-warrant Equity Interests in Class 9 are Impaired. Subject to the terms and conditions of this Plan, the holders of Allowed Equity Interests in Class 9 are entitled to vote to accept or reject the Plan.

(b) Treatment. Holders of Allowed Equity Interests in Saratoga other than warrants shall retain their Allowed Equity Interests, which shall be converted to identical Equity Interests in Reorganized Saratoga on the Effective Date; provided that holders of these Allowed Equity Interests in Saratoga shall receive no distribution in respect of their Allowed Equity Interests until all Allowed Claims are paid in full in accordance with the terms of this Plan.

Section 4.10 **Class 10 – Warrants.**

(a) Impairment and Voting. Warrants in Class 10 are Unimpaired. The holders of Allowed Equity Interests in Class 10 are not entitled to vote to accept or reject the Plan.

(b) Treatment. Holders of Allowed Equity Interests in Saratoga that are warrants shall retain their Allowed Equity Interests in Reorganized Saratoga on the Effective Date.

ARTICLE V

DISPUTED CLAIMS

Section 5.1 **Right to Object to Claims.** The Debtors and, after the Effective Date, the Reorganized Debtors shall have the exclusive right to object to the allowance, amount, or classification of Claims and such objections may be litigated to Final Order by the Debtors or Reorganized Debtors, as the case may be, or compromised and settled in accordance with their business judgment without further order of the Bankruptcy Court.

Section 5.2 **Deadline for Objecting to Claims.** As soon as reasonably practicable, but in no event later than ninety (90) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court, all objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims. An objection shall notify the holder of the Claim of the deadline for responding to such objection.

Section 5.3 **Deadline for Responding to Objections.** Within thirty (30) days after service of an objection, any written response to the objection must be filed with the Bankruptcy Court by the holder of the objected-to Claim and must be served upon the Debtors or, after the Effective Date, the Reorganized Debtors and upon counsel to the Debtors or Reorganized Debtors, as the case may be. Failure to file a written response by that date shall constitute a waiver and release of the subject Claim, and shall cause the Bankruptcy Court to enter a default judgment against the non-responding holder of the Claim granting the relief requested in the objection.

Section 5.4 **Estimation of Claims.** The Debtors may request the Bankruptcy Court to estimate any contingent or Disputed Claim for purposes of allowance under section 502(c) of the Bankruptcy Code.

Section 5.5 **Payment of Disputed Claims.** At such time as a Disputed Claim becomes an Allowed Claim, the Reorganized Debtors shall distribute to the holder thereof the Distribution, if any, to which such holder is then entitled under the Plan. No interest shall be paid on Disputed Claims that later become Allowed Claims or with respect to any Distribution to such holder. No Distribution shall be made with respect to all or any portion of any Disputed Claim pending the resolution of the entire Claim.

ARTICLE VI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 6.1 **Assumption and Rejection.** On the Effective Date, all executory contracts and unexpired leases that exist between any of the Debtors and any Entity shall be assumed, except for any executory contract or unexpired lease that (i) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date³,

³ The Debtors have already assumed all of their oil and gas leases pursuant to the Order Granting Motion for Order Authorizing Debtors to Assume Oil and Gas Leases entered on June 23, 2009. The Debtors have also assumed two unexpired leases of non-residential real property pursuant to the Order Granting Debtors' Motion to Assume Leases of Non-Residential Real Property entered on July 31, 2009. Nothing in this Disclosure Statement or the Plan should

(ii) is identified as an executory contract or unexpired lease to be rejected on the Effective Date on **Exhibit C**, as that Exhibit may be amended, restated, or supplemented prior to the commencement of the Confirmation Hearing, (iii) is separately addressed herein (including the Wayzata Credit Agreement), or (iv) has a different time period for assumption or rejection provided by order of the Bankruptcy Court or by agreement between the parties to such executory contract or unexpired lease.

Section 6.2 **Approval of Assumption and Rejection**. Except as otherwise provided in the Disclosure Statement or in the Plan, entry of the Confirmation Order shall constitute (i) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption, assumption and assignment, or rejection of the executory contracts and unexpired leases, as the case may be, pursuant to this Article VI, and (ii) the extension of time pursuant to section 365(d)(4) of the Bankruptcy Code within which the Debtors may assume or reject the unexpired leases specified in this Article VI through the Confirmation Date.

Section 6.3 **Cure of Defaults**. All cure payments that may be required by section 365(b)(1) of the Bankruptcy Code under any executory contract or unexpired lease that is assumed under this Plan shall be made by the Debtors on the Effective Date or as soon as practicable thereafter. All requests for cure payments by a party to such assumed contract or lease must be filed pursuant to Section 2.1, unless such cure payments are agreed to by the Debtors or are otherwise determined by the Bankruptcy Court upon appropriate notice and hearing. In the event of a dispute regarding the amount of any cure payment, the ability of the Debtors to provide adequate assurance of future performance or any other matter pertaining to assumption, the Debtor shall make such cure payments required by section 365(b)(1) of the Bankruptcy Code following the later of the Effective Date (or as soon as practicable thereafter) and the date of the entry of a Final Order resolving such dispute.

Section 6.4 **Rejection Damage Claims**. Claims arising out of the rejection of an executory contract or unexpired lease pursuant to this Article VI must be filed with the Bankruptcy Court no later than thirty (30) days after entry of the Confirmation Order. Any such Claims not filed within such time will be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, or any of their properties or agents, successors, or assigns. Unless otherwise order by the Bankruptcy Court, all Claims arising from the rejection of an executory contract or unexpired lease shall be treated as General Unsecured Claims.

ARTICLE VII

MEANS OF IMPLEMENTATION AND EXECUTION OF PLAN

Section 7.1 **Generally**. Upon Confirmation, the Debtors shall be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of this Plan including the execution and filing of all documents required or contemplated by this Plan. In connection with the occurrence of the Effective Date, the Reorganized Debtors, and each of the officers thereof, are authorized to execute, deliver, or record such contracts, instruments, releases,

be construed as an admission or as a position taken by the Debtors as to the applicability or non-applicability of 11 U.S.C. § 365 to oil and gas leases.

indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

Section 7.2 **Directors and Officers.** On the Effective Date, the current officers, directors, and managers of the Debtors will continue to hold their respective positions with the Reorganized Debtors. Any required disclosure of compensation under 11 U.S.C. § 1129(a)(5) will be made by a notice filed prior to the Confirmation Hearing.

Section 7.3 **Causes of Action.** The Debtors and, after the Effective Date, the Reorganized Debtors, specifically reserve and shall have the exclusive right to bring, prosecute, waive, release, compromise, and settle all Causes of Action, including those described on **Exhibit G** to the Disclosure Statement, which are specifically retained under the terms of this Plan and, notwithstanding anything herein to the contrary, shall not be impaired in any way by this Plan, Confirmation, the occurrence of the Effective Date, or otherwise. The Debtors and, after the Effective Date, the Reorganized Debtors will pursue those Causes of Action that they, in the sole exercise of their business judgment and discretion, deem financially beneficial to the Estates. The recovery from all Causes of Action shall become Assets of the Debtors and, after the Effective Date, the Reorganized Debtors in accordance with this Plan. Further, the Debtors shall be entitled to offset such amounts as may be awarded to the Debtors or Reorganized Debtors with respect to such Causes of Action against Distributions due hereunder to the holder of a Claim, whether Disputed or Allowed. Neither the allowance of a Claim against the Debtors nor the making of Distributions pursuant hereto to a holder of Claims will bar or limit the right of the Debtors or Reorganized Debtors to bring any Causes of Action held against the holder of any Claim, even if the Claim that is Allowed or on account of which Distributions are made arises from the same agreement, transactions or occurrence from which the Causes of Action arise.

ARTICLE VIII **DISTRIBUTIONS**

Section 8.1 **Distributions of Cash.** Any Distribution of Cash made pursuant to the Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank; **provided** that payment to foreign holders of Allowed Claims may be in such funds and by such means (as determined by the Debtors or, after the Effective Date, the Reorganized Debtors in their sole discretion) as are customary or necessary in a particular foreign jurisdiction.

Section 8.2 **Timing of Distributions.** Any Distribution to be made under the Plan on a day other than a Business Day shall be due on the next succeeding Business Day.

Section 8.3 **Record Date for Voting on Plan.** The transfer registers for each of the Classes of Claims and Interests as maintained by the Debtors or any third party shall be deemed closed on the date of entry of an order of the Bankruptcy Court approving the Disclosure Statement (or, with respect to any Class, any later date to which the Debtors agree in their sole discretion) for purposes of voting on the Plan, and there shall be no further changes to reflect any new record holders of any Claims or Equity Interests for purposes of voting on the Plan.

Section 8.4 **Minimum Distributions; No Fractional Distributions; No Interest.** No Distribution of Cash less than One Hundred Dollars (\$100.00) is required to be made to any

holder of an Allowed Claim unless a request therefore is made in writing to the Debtors or, after the Effective Date, the Reorganized Debtors. No Distribution of fractional dollars is required; Distributions shall be rounded up or down to the nearest whole dollar. Except as otherwise expressly provided herein, no holder of any Allowed Claim shall be entitled to any post-Petition Date interest on such Claim.

Section 8.5 **Delivery of Distributions.** Subject to Bankruptcy Rule 9010, distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the Schedules filed by the Debtors with the Bankruptcy Court, unless superseded by the address as set forth on proofs of claim filed by such holders or other writing notifying Debtors or, after the Effective Date, the Reorganized Debtors of a change of address (or at the last known address of such a holder if no proof of claim is filed or if the Debtors and Reorganized Debtors have not been notified in writing of a change of address).

Section 8.6 **Undeliverable Distributions.** If any Distribution to a holder of an Allowed Claim is returned as undeliverable, no further Distributions to such holder shall be made, unless and until the Debtors or, after the Effective Date, the Reorganized Debtors are notified of such holder's then current address, at which time all missed Distributions shall be made to such holder. Amounts in respect of the undeliverable Distributions made shall be returned to the Reorganized Debtors until such Distributions are claimed. All Claims for undeliverable Distributions shall be made on or before the later of the first (1st) anniversary of the Effective Date and the date ninety (90) days after such Claim is Allowed. After such date, all unclaimed property held for Distribution to any holder of an Allowed Claim shall be re-vested in and returned to the Debtors or, after the Effective Date, the Reorganized Debtors, and the Claim of any holder with respect to such property shall be discharged and forever barred.

Section 8.7 **Withholding.** The Debtors or, after the Effective Date, the Reorganized Debtors may at any time withhold from any Distribution to any holder of an Allowed Claim (except the Internal Revenue Service) such amounts sufficient to pay any Tax or other charge that has been or may be imposed on such holder with respect to the amount distributable or to be distributed under the income Tax laws of the United States or of any other Governmental Authority by reason of any Distribution provided for in the Plan, whenever such withholding is determined by the Debtors or, after the Effective Date, the Reorganized Debtors and in their sole discretion, to be required by any Law. The Debtors or, after the Effective Date, the Reorganized Debtors in the exercise of their sole discretion may enter into agreements with taxing or other Governmental Authorities for the payment of such amounts that may be withheld in accordance with the provisions of this Section 8.7. Notwithstanding the foregoing but without prejudice to any rights of the Debtors or, after the Effective Date, the Reorganized Debtors, such holder of an Allowed Claim shall have the right with respect to the United States, or any other Governmental Authority, to contest the imposition of any tax or other charge by reason of any Distribution under the Plan.

Section 8.8 **Time Bar to Cash Payments.** Checks issued in respect of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Debtors or, after the Effective Date, the Reorganized Debtors by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be

made on or before the later of the first (1st) anniversary of the Effective Date and the date ninety (90) days after such Claim is Allowed, and the failure timely to make any such claim shall result in such Claim being forever barred and discharged.

Section 8.9 **Existing Securities and Agreements.** Each holder of a debenture, promissory note, pledge agreement, guarantee, mortgage, financing statement, share certificate, or other instrument evidencing a Claim, a Lien related thereto, or an Equity Interest receiving a Distribution under the Plan, except as otherwise provided in the Disclosure Statement or the Plan, may be required by the Debtors or, after the Effective Date, the Reorganized Debtors, in their sole discretion, to surrender such document and/or to execute such other documents as the Debtors or, after the Effective Date, the Reorganized Debtors, in their sole discretion, may require to evidence the satisfaction and discharge of the Claim, Lien, or Equity Interest. No Distribution hereunder is required to be made to or on behalf of any such holders unless and until such documents are received by the Debtors or, after the Effective Date, the Reorganized Debtors or the unavailability of such documents is established to the reasonable satisfaction of the Debtors or, after the Effective Date, the Reorganized Debtors. The Debtors or, after the Effective Date, the Reorganized Debtors may require any Entity delivering an affidavit of loss and indemnity to furnish a bond in form and substance (including with respect to amount) reasonably satisfactory to the Debtors or, after the Effective Date, the Reorganized Debtors. Any holder shall be deemed to have forfeited all rights, Claims, and Equity Interests and shall not participate in any Distribution hereunder if that holder fails, within sixty (60) days after being notified of the request to surrender, (i) to surrender or cause to be surrendered such debenture, promissory note, pledge agreement, guarantee, mortgage, financing statement, share certificate, or other instrument, (ii) to execute and deliver an affidavit of loss and indemnity reasonably satisfactory to the Debtors or, after the Effective Date, the Reorganized Debtors, (iii) if requested, to furnish a bond reasonably satisfactory to the Debtor, and (iv) if requested, to execute and deliver additional documents to evidence the satisfaction and discharge of the Claim, Lien, or Equity Interest.

ARTICLE IX

ACCEPTANCE OR REJECTION OF THE PLAN

Section 9.1 **Classes Entitled to Vote.** Each holder of an Allowed Claim or an Allowed Equity Interest in a Class of Claims or Equity Interests against the Debtor that may be impaired and is to receive a Distribution under the Plan, including any holder of an Allowed Claim in Classes 2, 3, 4, 5, 6, 7, and 8 or an Allowed Equity Interest in Class 9, shall be entitled to vote separately to accept or reject the Plan. Each holder of a Claim in a Class of Claims or Equity Interests that is Unimpaired under the Plan, such as Class 1 and Class 10, shall be deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

Section 9.2 **Class Acceptance Requirement.** An Impaired Class of Claims shall have accepted the Plan if (i) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. An Impaired Class of Equity Interests shall have accepted the Plan if the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the

Allowed Equity Interests actually voting in such Class have voted to accept the Plan. For purposes of calculating the number of Allowed Claims in a class of Claims held by holders of Allowed Claims in such class that have voted to accept or reject the Plan under section 1126(c) of the Bankruptcy Code, all Allowed Claims in such class held by one entity or any Affiliate shall be aggregated and treated as one Allowed Claim in such class.

Section 9.3 **Cramdown.** In the event that any impaired Class of Claims shall not accept the Plan, the Debtor as proponent of the Plan reserves the right to (a) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and/or (b) modify the Plan to provide treatment sufficient to assure that the Plan does not discriminate unfairly, and is fair and equitable, with respect to the Class(es) not accepting the Plan, and, in particular, the treatment necessary to meet the requirements of sections 1129(a) and (b) of the Bankruptcy Code with respect to the rejecting Class(es) and any other Class(es) affected by such modifications.

ARTICLE X

EFFECT OF CONFIRMATION OF PLAN

Section 10.1 **Vesting of Assets.** On the Effective Date, except as otherwise provided herein, all Assets of the Estates, including all Causes of Action (including those identified on **Exhibit G** to the Disclosure Statement), shall be transferred to, and shall vest in, the Reorganized Debtors, free and clear of all Liens and Claims, subject to the terms and conditions set forth herein. After the Effective Date all such Causes of Action shall be retained and enforced by the Reorganized Debtors. THIS SECTION, TOGETHER WITH OTHER PROVISIONS IN THE PLAN, ARE INTENDED TO OPERATE TO SPECIFICALLY AND UNEQUIVOCALLY DISCLOSE AND ADVISE INTERESTED PARTIES THAT ALL CAUSES OF ACTION, INCLUDING THOSE IDENTIFIED ON **EXHIBIT G** TO THE DISCLOSURE STATEMENT, WILL BE PRESERVED AND PROSECUTED AFTER THE EFFECTIVE DATE.

Section 10.2 **Amended Organizational Documents of Reorganized Debtors.** On the Effective Date, the Amended Organizational Documents attached hereto as **Exhibit E** shall become effective and, as appropriate, be filed with the appropriate Governmental Authorities. The Debtors reserve the right at any time before the Effective Date to amend, restate, or supplement **Exhibit E**.

Section 10.3 **Amended and Restated Wayzata Credit Agreement.** On the later of the Effective Date and the date the Wayzata Claim becomes an Allowed Claim, the Amended and Restated Credit Agreement described in Section 11.1(b), together with such other related transaction documents as are necessary or appropriate, shall become effective and be enforceable in accordance with their terms. Entry of the Confirmation Order shall constitute approval of the terms of such agreements and documents.

Section 10.4 **Operation by Reorganized Debtors.** After the Effective Date, the Reorganized Debtors may operate their businesses, and may use, acquire, and dispose of Assets free of any restrictions imposed under the Bankruptcy Code.

Section 10.5 **Injunction**. Except as otherwise expressly provided in the Plan, upon Confirmation, all Entities who have held, hold, or may hold Claims against, or Equity Interests in, the Debtors, are permanently enjoined, on and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or the Reorganized Debtors on account of any such Claim or Equity Interest; (c) creating, perfecting or enforcing any Lien against the Debtors or Reorganized Debtors, or against any of their Assets, on account of any such Claim or Equity Interest; and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the Assets of the Debtors or Reorganized Debtors on account of any such Claim or Interest.

Section 10.6 **Indemnification Obligations**. The obligations of the Debtors to indemnify, reimburse or limit liability of any person who is serving or has served as one of its directors, officers, employees or agents by reason of such person's prior or current service in such capacity as provided in the applicable articles of organization, operating agreements, partnership agreements, or bylaws, by statutory law or by written agreement, policies or procedures of or with the Debtors shall be deemed to be and treated as executory contracts that are assumed by the Debtors and, after the Effective Date, bind the Reorganized Debtors pursuant to this Plan and section 365 of the Bankruptcy Code and shall not be affected by or discharged by this Plan. Nothing in this Plan shall be deemed to affect any rights of any director or officer or any other person against any insurer with respect to any directors or officers liability insurance policies.

Section 10.7 **Discharge of Debtors and Claims**. The rights afforded herein and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of every nature, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or the Reorganized Debtors, or any of their Assets. Except as otherwise provided herein, on the Effective Date (i) all such Claims against, and Equity Interests in, the Debtors shall be satisfied, discharged, and released in full and (ii) all Entities shall be precluded from asserting against the Debtors or the Reorganized Debtors to the extent the Claims are satisfied in full, their Assets, or any other or further Claims or Equity Interests based upon any act or omission, transaction, or other activity of any kind or nature, whether known or unknown, that occurred prior to the Effective Date, whether or not (a) a proof of claim or interest based upon such Claim or Equity Interest is filed or deemed filed under section 501 of the Bankruptcy Code, (b) such Claim or Equity Interest is allowed under section 502 of the Bankruptcy Code, or (c) the holder of such Claim or Equity Interest has accepted the Plan. Except as provided herein, the Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor.

Section 10.8 **No Successor Liability**. Except as otherwise specifically provided in this Plan or the Confirmation Order, neither the Debtors nor the Reorganized Debtors will have any responsibilities, pursuant to this Plan or otherwise, for any liabilities or obligations of the Debtors or any of the Debtors' past or present Affiliates relating to or arising out of the operations of or Assets of the Debtors or any of the Debtors' past or present Affiliates, whether arising prior to, or resulting from actions, events, or circumstances occurring or existing at any time prior to the

Effective Date. The Reorganized Debtors shall have no successor or transferee liability of any kind or character, for any Claims; provided that the Reorganized Debtors shall have the obligations for the payments specifically and expressly provided, and solely in the manner stated, in this Plan.

Section 10.9 **Exculpations**. The officers, directors, managers and professionals of the Debtors shall have no liability to any holder of a Claim or Equity Interest or other Entity for any act, event, or omission in connection with, relating to, or arising out of the Bankruptcy Cases, the negotiation of the Plan, the Consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for any liability based on willful misconduct or gross negligence. In all such instances, the above-referenced parties shall be and have been entitled to reasonably rely on the advice of counsel with respect to their duties and responsibilities in connection with the Bankruptcy Cases and under the Plan. Such exculpation shall not extend to any post-Petition Date act of any Entity other than in connection with that Entity's official capacity in the Bankruptcy Cases.

Section 10.10 **Term of Injunction or Stays**. Unless otherwise provided herein or otherwise ordered by the Bankruptcy Court, all injunctions or stays set forth in 11 U.S.C. §§ 105 and 362 shall remain in full force and effect until the Effective Date rather than the Confirmation Date. Nothing in this Section 10.10, however, shall be construed as a limitation of the permanent discharge and injunction provisions provided for in this Plan.

ARTICLE XI

CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE

Section 11.1 **Conditions**. The occurrence of the Effective Date and the substantial Consummation of the Plan are subject to satisfaction or, in the sole discretion of the Debtors, waiver of the following conditions precedent:

(a) **Confirmation Order**. The Confirmation Order shall have become a Final Order and be in full force and effect.

(b) **Amended and Restated Wayzata Credit Agreement**. An Amended and Restated Credit Agreement by and among Reorganized Saratoga, Wayzata, and other appropriate Entities, and such other agreements and documents as are necessary or appropriate, shall have been executed and delivered by all parties thereto. This Amended and Restated Credit Agreement shall include the terms and conditions set forth in Section 4.3(c) and **Exhibit B** and such other terms and conditions as the parties thereto may agree upon.

(c) **Oil Well Lien Act Claim Releases**. Each holder of an Oil Well Lien Act Claim shall have executed and delivered to the Debtors a release of any Lien under the Oil Well Lien Act against the Debtors, their Assets, and the Estates, the form of which shall be attached hereto as **Exhibit D**, and all such Liens filed against any Debtor shall have been released, discharged, and erased and made of no force and effect against the Debtors, their Assets, and the Estates. The Debtors reserve the right at any time before the Effective Date to amend, restate, or supplement **Exhibit D**.

(d) Tax Identification Number Affidavit. The Debtors shall have received an affidavit, in a form acceptable to them in their reasonable discretion, from each Entity that is to receive a Distribution under this Plan as to that Entity's federal tax identification number.

(e) Governmental Authorizations. Any authorizations, consents and regulatory approvals from a Governmental Authority required for the consummation of each of the transactions contemplated in this Plan shall have been obtained and shall have become final and nonappealable and, with respect to any court proceeding relating thereto, been approved by Final Order.

(f) Execution of Documents; Other Actions. All other actions and documents necessary to implement the Plan shall have been effected or executed.

Section 11.2 Notice of Effective Date. The occurrence of the Effective Date and the substantial Consummation of the Plan shall be evidenced by a Notice of Effective Date filed with the Bankruptcy Court by the Reorganized Debtors.

Section 11.3 Revocation of Confirmation Order or Withdrawal of Plan. The Debtors may revoke or withdraw this Plan prior to the Confirmation Date by filing a Notice of Withdrawal of Plan in the record of the Bankruptcy Cases. If this Plan is withdrawn prior to the Confirmation Date, then the Plan shall be deemed withdrawn and the Confirmation Order (if any has been entered) shall be automatically revoked without the need for any action by any party in interest or the Bankruptcy Court. In such event, the Plan and the Confirmation Order shall be of no further force or effect; the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the filing of this Plan; all the Debtors' respective obligations with respect to the Claims and Equity Interests shall remain unchanged; all of the Debtors' rights and claims against all Entities shall be fully preserved and nothing contained herein or in the Disclosure Statement shall be deemed to constitute an admission or statement against interest or to constitute a waiver or release of any claims by or against the Debtors or any other persons or to prejudice in any manner the rights of the Debtors or any Entity in any further proceedings involving the Debtors or any other Entities; provided that, if the Debtors have the exclusive right to file a plan on the day this Plan is filed, then revocation or withdrawal of this Plan shall extend such exclusive right for thirty (30) days after revocation or withdrawal and, if the Debtors file a plan within that thirty-day period, for an additional sixty (60) days so that the Debtors may solicit and obtain acceptance of their plan of reorganization.

ARTICLE XII

RETENTION OF JURISDICTION

Section 12.1 Retention of Jurisdiction. To the maximum extent permitted by the Bankruptcy Code or other applicable Law, the Bankruptcy Court shall have jurisdiction of all matters arising out of, and related to, the Bankruptcy Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following nonexclusive purposes:

- (a) To construe and to take any action to enforce this Plan and to issue such orders as may be necessary for the implementation, execution and confirmation of this Plan;
- (b) To determine the allowance or classification of Claims or Equity Interests and to determine any objections thereto;
- (c) To determine rights to Distribution pursuant to this Plan;
- (d) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;
- (e) To determine any and all applications, motions, adversary proceedings, contested matters and other litigated matters that may be pending in the Bankruptcy Court on or initiated after the Effective Date;
- (f) To hear and determine any objection to Administrative Expense Claims or Claims;
- (g) To hear and determine any Causes of Action brought or continued by the Debtors to the maximum extent permitted under applicable Law;
- (h) To hear and determine motions of the Reorganized Debtors seeking the examination of any entity pursuant to Bankruptcy Rule 2004, for purposes including investigations of potential Causes of Action, to the same extent the Debtors were entitled to seek such examinations prior to the Effective Date;
- (i) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (j) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (k) To hear and determine matters concerning any release, exculpation, or discharge and to enforce the injunctions set forth in the Plan;
- (l) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;
- (m) To hear and determine all Fee Applications;
- (n) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or any transactions contemplated by the Plan;
- (o) To hear and determine all questions and disputes regarding title to, and any action to recover any of, the Assets or property of the Debtors or their Estates, wherever located;

(p) To hear and determine matters concerning state, local, and Federal Taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(q) To consider and act on the compromise and settlement of any claim against the Debtors or their Estates;

(r) To hear any other matter not inconsistent with the Bankruptcy Code; provided that, with respect to consideration issued to parties in interest under the Plan, the Bankruptcy Court shall have no further jurisdiction; and

(s) To enter a Final Decree closing the Bankruptcy Cases.

ARTICLE XIII **MISCELLANEOUS**

Section 13.1 **Defects, Omissions, Amendments, and Modifications of the Plan.**

(a) The Debtors may, with the approval of the Bankruptcy Court and without notice to holders of Claims, insofar as it does not materially and adversely affect holders of Claims, correct any defect, omission, or inconsistency in the Plan in such a manner and to such extent necessary or desirable to expedite the execution of the Plan.

(b) The Debtors may propose amendments or alterations to the Plan before or after Confirmation as provided in section 1127 of the Bankruptcy Code if, in the opinion of the Bankruptcy Court, the modification does not materially and adversely affect the interests of holders of Claims, so long as the Plan, as modified, complies with sections 1122 and 1123 of the Bankruptcy Code and the Debtors have complied with section 1125 of the Bankruptcy Code.

(c) The Debtors may propose amendments or alterations to the Plan before or after the Confirmation Date but prior to substantial Consummation, in a manner that, in the opinion of the Bankruptcy Court, does not materially and adversely affect holders of Claims, so long as (i) the Plan, as modified, complies with sections 1122 and 1123 of the Bankruptcy Code, (ii) the Debtors have complied with section 1125 of the Bankruptcy Code, and, (iii) after notice and hearing, the Bankruptcy Court confirms such Plan, as modified, under section 1129 of the Bankruptcy Code.

Section 13.2 **Severability.** If the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void, or unenforceable, such provision shall be invalid, void, or unenforceable with respect to the holder or holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void, or unenforceable. The invalidity, voidness, or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

Section 13.3 **Revocation or Withdrawal of the Plan.** The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Plan is revoked or withdrawn prior to the Confirmation Date, the Plan shall be deemed null and void. In such event, all of the respective obligations of the Debtors and the holders of Claims and Equity Interests shall remain unchanged and nothing contained herein or in the Disclosure Statement shall be deemed an

admission or statement against interest or to constitute a waiver or release of any claims by or against the Debtors or any other Entity or to prejudice in any manner the rights of any Debtor or any Entity in any further proceedings involving the Debtor or Entity.

Section 13.4 **Dissolution of Committees.** On the Effective Date, the Unsecured Creditors' Committee and its Professionals and the Equity Holders' Committee and its Professionals shall be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to or arising from or in connection with the Bankruptcy Cases, and the Unsecured Creditors' Committee and the Equity Holders' Committee shall be deemed dissolved; provided that, in the event that the Effective Date occurs prior to the entry of an order with respect to final fee applications of Professionals for the Unsecured Creditors' Committee or the Equity Holders' Committee, the Unsecured Creditors' Committee and the Equity Holders' Committee and their Professionals may seek and recover reasonable compensation in connection with the preparation, filing and prosecution of such applications.

Section 13.5 **Exemption from Securities Laws.** The issuance of the Wayzata New Shares shall be exempt from registration under any federal, state or local Law pursuant to section 1145 of the Bankruptcy Code or other applicable Law. Any person who solicits or participates in the offer, issuance, sale or purchase of the Wayzata New Shares issued under this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, is not liable, on account of such solicitation or participation, for violation of an applicable Law governing solicitation of acceptance or rejection of this Plan or the offer, issuance, sale or purchase of securities pursuant thereto.

Section 13.6 **Successors and Assigns.** The rights, benefits and obligations of any Entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such Entity.

Section 13.7 **Notices.** Any notice required or permitted to be provided under the Plan shall be in writing and served by either (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, freight prepaid, addressed as follows:

The Debtors or Reorganized Debtors:
Saratoga Resources, Inc.
Attention: Debtors/Reorganized Debtors
67201 Industry Lane
Covington, Louisiana 70433

and
Saratoga Resources, Inc.
Attention: Debtors/Reorganized Debtors
7500 San Felipe
Suite 675
Houston, Texas 77063

With copies, which shall not constitute notice, to:
Adams and Reese LLP
Attention: Robin B. Cheatham and John M. Duck
4500 One Shell Square
New Orleans, Louisiana 70139
Telephone: (504) 581-3234

and to:
Schully, Roberts, Slattery & Marino,
A Professional Law Corporation
Attention: Paul J. Goodwine
1100 Poydras Street, Suite 1800
New Orleans, Louisiana 70163
Telephone: (504) 585-7800

Section 13.8 **Payment of Statutory Fees.** Except as otherwise provided herein, for so long as the Bankruptcy Cases shall remain open and pending before the Bankruptcy Court, all fees payable pursuant to 28 U.S.C. § 1930 shall be paid by the Debtors, with all such fees determined by the Bankruptcy Court at the Confirmation hearing to be due on or prior to the Effective Date being paid in Cash by the Reorganized Debtors on the Effective Date. For purposes of calculating the fees payable under 28 U.S.C. § 1930, only disbursements made under or in connection with the Plan shall be taken into account.

Section 13.9 **Additional Documents.** On or before substantial Consummation of the Plan, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to reasonably effectuate and further evidence the terms and conditions of the Plan.

DATED: August 17, 2009

Respectfully submitted:

ADAMS AND REESE, LLP

By: 

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Attorneys for the Debtors

EXHIBIT A

ADDITIONAL TREATMENT, TERMS, AND CONDITIONS FOR MACQUARIE

To be provided prior to the Disclosure Statement hearing.

EXHIBIT B

PRINCIPAL TERMS OF AMENDED AND RESTATED WAYZATA CREDIT AGREEMENT¹

- Borrower: Saratoga or, after the Effective Date, Reorganized Saratoga (the "Borrower"²).
- Effectiveness: The Wayzata Credit Agreement, by and among the Borrower, the financial institutions party thereto (the "Lenders"), and Wayzata (or such other successor administrative agent as may be selected by the applicable lenders), as Administrative Agent, will be amended and restated (the "Restated Wayzata Credit Agreement") on the Effective Date.
- Administrative Agent: Wayzata.
- Credit Facility: A secured term loan in an aggregate principal amount equal to all Allowed Secured Claims arising under the Wayzata Claim (the "Wayzata Credit Facility"). Provided there shall be no Event of Default, there shall be no restrictions on the use of proceeds from the loans.
- Treatment: Section 4.3 of the Plan shall govern treatment of Wayzata's Allowed Secured Claim.
- Interest Rate: The occurrence of a Limitation Period shall not effect a change in the interest rate, except to the extent that during the existence of such Limitation Period, the interest rate shall not exceed the Highest Lawful Rate. Immediately following the expiration of such Limitation Period, the interest rate shall revert to a rate consistent with Section 4.3 of the Plan, and there shall be no continuation of interest at the Highest Lawful Rate, regardless of any lost interest payment suffered by Wayzata during the existence of said Limitation Period.

¹ Except as set forth in Section 4.3 of the Plan, the provisions of Exhibit B shall govern the Amended and Restated Wayzata Credit Agreement regardless of whether Wayzata's treatment is consensual or non-consensual pursuant to Section 4.3 of the Plan.

² Capitalized terms defined in this Exhibit B shall have the meaning ascribed to them in this Exhibit B. Capitalized terms not otherwise defined in this Exhibit B or the Plan shall have the meaning ascribed to them in the Wayzata Credit Agreement.

Guarantees: All obligations of the Borrower under the Wayzata Credit Facility will remain unconditionally guaranteed (the "Guarantees") by each existing guarantor, as described under the Wayzata Credit Agreement (collectively, the "Guarantors").

Security: The Wayzata Credit Facility will remain secured and valid to the same extent and priority, and in the same assets and properties of the Borrower and the Guarantors that currently secures the obligations of the Borrower and the Guarantors under the Wayzata Credit Agreement and related loan documents.

Notwithstanding anything to the contrary in the Wayzata Credit Agreement, the sole limit on aggregate borrowing under the Macquarie Credit Agreement shall be the lesser of (x) Fifty Million Dollars (\$50,000,000.00), (y) sixty percent (60%) of the Reorganized Debtors' Proven Producing Reserves, and (z) the Borrowing Base (as defined in the Macquarie Credit Agreement).

Conditions Precedent: All agreements and documents will be executed and delivered as of the Effective Date.

Representations and Warranties:

Similar to the Wayzata Credit Agreement, with such modifications thereof to reflect the restructured Borrower and the transactions being consummated under the Plan, but excluding representations and warranties regarding (i) no material adverse effect, (ii) any projections, and (iii) solvency. The representations and warranties shall have been made one time as of July 14, 2008, and will not be re-made or continuing or on any other periodic basis, and the delivery of compliance certificates shall not be required. Any inaccuracy or failure of such representation after the Effective Date shall not constitute an Event of Default except as provided herein.

Affirmative Covenants: Similar to the Wayzata Credit Agreement, with such modifications thereof to reflect the restructured Borrower and the transactions being consummated under the Plan, including the following modifications:

- Certificates of insurance coverage shall be delivered to Wayzata within thirty (30) days of their renewal. Delivery of such certificates shall be for verification that Borrower has procured and maintained the insurance policies and/or coverages in the amounts required by Section 7.4 of the

Wayzata Credit Agreement. If requested by Wayzata, Borrower shall deliver copies of all applicable policies along with such certificates.

- No Officer's Certificate shall be due in respect of any condition or event that represents a Default.
- There shall be no reporting or disclosure requirement in respect of (a) any action, suit, investigation, inquiry, arbitration or proceeding, or threat thereof, by or before any arbitrator or Governmental Authority against or affecting any Debtor or Reorganized Debtor; and (b) any Hedging Agreement.
- Provided there shall be no continuing Event of Default, Borrower shall have no further obligation to report, and Wayzata and its Affiliates shall not have the right to request information relating directly or indirectly to the financial condition, business or Properties of any Loan Party or any of their respective Subsidiaries.
- Wayzata shall be permitted to periodically inspect and visit any of the Reorganized Debtors' Properties, to inspect the books and records of same, and to make copies of the same. The cost of any inspection of such books, records, or properties by Wayzata shall be borne by it. Any such inspection shall be at a mutually agreeable time and place.
- Provided there shall be no continuing Event of Default, Wayzata shall have no right to take or request action in order to monitor or control the operations or proceeds from any of the Properties.
- After the Effective Date, there shall be no minimum collateral obligation on the part of the Reorganized Debtors, including any obligation to maintain Liens covering no less than ninety percent (90%) of the Total Proved PV 10 Value of the Oil and Gas Properties, or otherwise, and the Reorganized Debtors shall not be required to modify and or substitute collateral for those items of collateral which are given as security for the obligations upon the Effective Date.
- There shall be no requirement to execute and deliver or cause to be executed and delivered such other and further instruments or documents as in the reasonable judgment of the Administrative Agent may be required.
- There shall be no requirement to clear any defect in the title of the mortgagor under any Mortgage to any Oil and Gas Property.
- Unless specifically and expressly required by the terms of the Wayzata Credit Agreement, as modified by this Plan, there shall be no requirement to furnish any additional financial or other information.

Negative Covenants: Similar to the Wayzata Credit Agreement, with such modifications thereof to reflect the restructured Borrower and the transactions being consummated under the Plan, including the following modifications:

- There shall be no restriction on the opening of any new Deposit Account or Securities Account, by any Loan Party.
- There shall be no restriction on the Loan Parties or any subsidiary regarding the incurrence of additional Debt, or in regard, to the payment of such Debt, and the incurrence of any such additional Debt, and the payment or failure to pay when due shall have no effect or create any default hereunder.
- There shall be no prohibition on any Reorganized Debtor creating, suffering to exist or otherwise allowing any Liens other than Permitted Liens. There shall be no restriction on Loans and Advances to Others; Investments; Restricted Payments.
- There shall be no restriction on entering into, or remaining a party to, any Hedging Agreement. There shall be no restriction on, nor any advance notice requirement with respect to a change of, the location of the principal place of business and executive office of any Reorganized Debtor.
- There shall be no requirement to keep oil and gas leases in effect any longer than the business judgment of the Reorganized Debtors dictates.
- There shall be no restriction on the Reorganized Debtors' maintaining their status as named operators for wells.
- There shall be no restriction on amending, altering, or changing any agreements relating to the operations or business arrangements of the Loan Parties or any of their Subsidiaries regardless of whether such change may be considered in any respect adverse to the interests of the Administrative Agent and the Lenders.
- The provisions of the Wayzata Credit Agreement bearing the following titles shall be of no further force and effect: Transactions with Affiliates, Plans, Compliance with Laws and Documents, Subsidiaries, Farm-Out Agreements, Exceptions to Covenants, and Barry Ray Salsbury; nor shall there be a requirement to comply with any of the Certain Financial Covenants.
- There will be no restrictions or covenants concerning capital expenditures or any other financial covenants except as provided below under the heading "Financial Covenants."

Financial Covenants: Within thirty (30) days of filing, Borrower shall submit, both federal and state income tax returns to Wayzata for review.

Such returns need not be submitted for Consolidated Subsidiaries.

Information and Reporting

Requirements:

- Production reports and lease operating statements shall be provided within sixty (60) days of the end of each month, and such reports and/or statements shall contain data concerning production volumes, revenues and lease operating expenses for the Oil and Gas Properties of the Loan Parties and their Subsidiaries.
- There shall be no right to require on demand delivery of a statement of accounts payable and receivable or other reasonably requested information.
- There shall be no right to require delivery or examination of a reserve report.
- Simultaneously with the delivery of the Production reports and lease operating statements described above, an Officer's Certificate from the Borrower shall be delivered certifying that such reports are true, accurate and complete in all material respects for the periods covered in such report. No other certifications shall be required.

Events of Default:

Similar to the Wayzata Credit Agreement, with such modifications thereof to reflect the restructured Borrower and the transactions being consummated under the Plan, including the following modifications:

- All Defaults require that notice be provided to Borrower in accordance with the notice provisions of the Plan, and the notice period shall run from receipt of notice by Borrower. Cure periods shall not be applicable where the cure cannot be effected in the time allotted and the cure is being pursued in good faith.
- There shall be no cross-default provision.
- A judgment of over \$500,000 shall be a default only when it is not fully paid and satisfied to the date on which any of the Reorganized Debtors' Property may be lawfully sold to satisfy such judgment or order.
- There shall be no defaults related to the loss, forfeiture, revocation or non-renewal of any material license, franchise, permit, or authorization of any Reorganized Debtor.
- There shall be no restrictions on Change of Control Events, and the occurrence of such an event shall not be considered an Event of Default under the Restated Wayzata Credit Agreement.

- The following shall not form the basis for a Default: problems with the validity or enforceability of any Loan Document.
- In all cases of an Event of Default, other than those specified under sub-sections 8.1.1 and 8.1.4 and 8.1.5 of the Wayzata Credit Agreement, the Administrative Agent may proceed to protect and enforce its rights and the rights of the Lenders by action of law solely seeking the specific performance of any covenant or agreement contained in the Restated Wayzata Credit Agreement or any other Loan Document.
- In the case of an Event of Default under Section 8.1.8 of the Wayzata Credit Agreement, the Administrative Agent shall be entitled to seek specific performance and the full payment and satisfaction of any judgment against any Loan Party or any of its subsidiaries, giving rise to the alleged Event of Default, under such section 8.1.8.
- Rights of Set-off are available only as a result of any Event of Default arising under Section 8.1.1.

Indemnification:

Similar to the Wayzata Credit Agreement but with such modifications thereof to reflect the restructured Borrower and the transactions consummated under the Plan, including the following: The Indemnification provided by the Borrower and the Guarantors shall not extend beyond any taking of possession of a property by the Administrative Agent or any Lender.

Force Majeure:

Neither Administrative Agent, any Lender, Borrower, any Loan Party or Guarantor, shall be liable in damages or have the right to terminate this Agreement or declare an Event of Default hereunder, for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control and occurring without its fault or negligence, including Acts of God, including fire, flood, earthquake, storm, hurricane or other natural disaster, government restrictions, wars, insurrections, war invasion, act of foreign enemies, hostilities (regardless of whether war is declared), civil war, rebellion, revolution, military or usurped power or confiscation, terrorist activities, nationalization, government sanction, interruption or failure of electricity and/or any other causes beyond the reasonable control of the party whose performance is affected, provided that, as a condition to the claim of nonliability, the party experiencing the difficulty shall give the other prompt written notice, with full details following the occurrence of the cause relied upon. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused.

Governing Law:

New York.

B7

EXHIBIT C

EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO BE REJECTED

To be provided prior to the Disclosure Statement hearing.

EXHIBIT D

FORM OF OIL WELL LIEN ACT RELEASE

To be provided prior to the Disclosure Statement hearing.

EXHIBIT E

FORM OF AMENDED ORGANIZATIONAL DOCUMENTS

To be provided prior to the Disclosure Statement hearing.