

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
GALVESTON DIVISION**

IN RE:	§	
	§	
TEKOIL & GAS CORPORATION	§	CASE NO. 08-80270
TEKOIL AND GAS GULF COAST, LLC	§	CASE NO. 08-80405
	§	
DEBTORS.	§	Jointly Administered Under Case
	§	No. 08-80270

JOINT PLAN OF REORGANIZATION PROPOSED BY THE DEBTORS

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Tekoil & Gas Corporation, Tekoil and Gas Gulf Coast, LLC file this Joint Plan of Reorganization, pursuant to section 1121(a) of the Bankruptcy Code. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtors' history, business, properties, results of operations, projections for future operations, risk factors, a summary and analysis of the Plan and certain related matters.

ARTICLE I
DEFINITIONS, CONSTRUCTION, AND INTERPRETATION

The capitalized terms used herein shall have the respective meanings set forth below. A capitalized term used herein that is not defined in this Article or otherwise defined in the Plan shall have the meaning ascribed to that term, if any, in the Bankruptcy Code. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan, provided that in the event of any conflict between the Plan and the Disclosure Statement, the Plan shall govern over the Disclosure Statement. In the event a conflict between the Plan and any document implementing the Plan arises, the document shall govern. In the event a conflict between the Plan and the Confirmation Order arises, the Confirmation Order shall govern. Whenever the context requires, words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender and vice versa. All exhibits and schedules to the Plan are incorporated herein.

1.01. “Administrative Claim” means a Claim for payment of an administrative expense of a kind within the scope of section 503(b) of the Bankruptcy Code and entitled to priority under section 507(a)(2) of the Bankruptcy Code, including, without limitation, (a) actual, necessary costs and expenses of preserving the Debtors' Estates and, as applicable, operating their businesses, including wages, salaries, or commissions for services rendered, (b) Fee Claims and all other claims for compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under the Bankruptcy Code, (c) all fees and charges assessed against the Estate under the Bankruptcy Code or under chapter 123 of title 28 of the United States Code, and (d) all other claims entitled to administrative priority claim status pursuant to a Final Order of the Bankruptcy Court.

1.02. “Allowance Date” means the date on which a Claim becomes an Allowed Claim.

1.03. “Allowed,” with respect to a Claim, other than an Administrative Claim, or any portion thereof, means such a Claim (a) that has been allowed by a Final Order, (b) that either (y) was listed in the Schedules as a liquidated, non-contingent, and undisputed Claim in an amount greater than zero or (z) is the subject of a timely filed proof of Claim as to which either (i) no objection to its allowance has been filed (either by way of objection or amendment of the Schedules) on or before the Objection Deadline or (ii) any objection to its allowance has been settled, waived through payment, withdrawn or overruled by a Final Order of the Bankruptcy Court, or (c) that is expressly allowed in a liquidated amount in the Plan; with respect to an Administrative Claim, means an Administrative Claim for which a timely written request for payment has been made in accordance with the Plan (if such written request is required) and as to which (y) no timely objection to its allowance has been filed or (z) any objection to its allowance has been settled, waived through payment, withdrawn or overruled by a Final Order of the Bankruptcy Court; and with respect to an Interest, means any Interest that appears, as of the Voting Record Date, in the equity register maintained by or on behalf of the Debtor ; provided,

however, that for purposes of determining the status (i.e., Allowed or Contested) of a particular Claim or Interest before the expiration of the applicable period fixed for filing objections to the allowance of Claims or Interests, any such Claim or Interest that has not been previously Allowed or Disallowed by a Final Order of the Bankruptcy Court or by the Plan shall be deemed a Contested Claim or Interest unless such Claim or Interest is specifically acknowledged by the Debtors as being an Allowed Claim or Interest.

1.04. "Avoidance Action" means any claim or cause of action arising under chapter 5 of the Bankruptcy Code including, but not limited to, 11 U.S.C. §§ 502, 510, 541, 542, 544, 545, 547, 548, 549, 550, 551, or 553, or under related state or federal statutes or common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such causes of action.

1.05. "Ballot" means each of the ballot forms distributed to each Holder of a Claim or Interest entitled to vote to accept or reject this Plan.

1.06. "Bankruptcy Case" means, as applicable, the chapter 11 proceeding of Tekoil & Gas Corporation, Case No. 08-80270, or the chapter 11 proceeding of Tekoil and Gas Gulf Coast, LLC, Case No. 08-80405, each of which is pending in the Bankruptcy Court.

1.07. "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended, and codified at title 11 of the United States Code.

1.08. "Bankruptcy Court" means the Bankruptcy Court for the Southern District of Texas, Galveston Division, or such other court having jurisdiction over the Bankruptcy Cases.

1.09. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as prescribed by the United States Supreme Court pursuant to section 2075 of title 28 of the United States Code.

1.10. "Bar Date" means the bar date for filing in the Bankruptcy Cases proofs of Claims or Interests arising before the Petition Date against or in any of the Debtors, which date was October 8, 2008 (or December 8, 2008 for Governmental Entities) as to Tekoil and December 31, 2008 (or February 25, 2009 for Governmental Entities) as to Gulf Coast, other than (a) those Claims or Interests expressly excluded from such date by a Final Order of the Bankruptcy Court and (b) Claims whose filing deadline is otherwise subject to the Rejection Bar Date.

1.11. "Business Day" means any day other than a Saturday, Sunday, or a legal holiday as such term is defined in Bankruptcy Rule 9006(a).

1.12. "Cash" means legal tender of the United States of America and cash equivalents.

1.13. "Cause of Action" means any and all claims, actions, proceedings, causes of action, rights, suits, accounts, controversies, agreements, promises, rights of action, rights to legal or equitable remedies, rights to payment and Claims, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable

directly or derivatively, in law, equity or otherwise, that a Debtor and/or an Estate may hold against any Person, or which could be asserted by a Debtor on behalf of any Creditor or Creditor representative under the Bankruptcy Code as a Debtor in Possession, including but not limited to all Avoidance Actions and actions under Bankruptcy Code section 510 to subordinate Claims.

1.14. “CIBC” means CIBC Mortgages, Inc.

1.15. “CIBC Loan Documents” means all prepetition agreements, instruments, or other documents evidencing the CIBC Secured Claim and any related Liens and security interests.

1.16. “CIBC Secured Claim” means any Secured Claim arising under the CIBC Loan Documents.

1.17. “Claim” shall have the meaning provided in section 101(5) of the Bankruptcy Code.

1.18. “Collateral” means any property or interest in property of a Debtor’s Estate that is 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 applicable non-bankruptcy law.

1.19. “Confirmation Date” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

1.20. “Confirmation Hearing” means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to Bankruptcy Code section 1128, scheduled to commence on _____, 2009, at _____.m. Central Time, and as may be continued from time to time.

1.21. “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.22. “Contested” means, with respect to a Claim or Interest, a Claim against or Interest in a Debtor, or any portion thereof, that has not been Allowed pursuant to the Plan or a Final Order and (a) that is listed in the Schedules as disputed, contingent, or unliquidated; (b) that is listed in the Schedules as undisputed, liquidated, and not contingent and as to which a proof of Claim or Interest has been timely filed or deemed timely filed with the Bankruptcy Court, to the extent the amount asserted in the proof of Claim or Interest exceeds the scheduled amount; (c) as to which any party in interest has timely filed an objection or request for estimation in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules or any order of the Bankruptcy Court, or which is otherwise disputed by a Debtor or the Creditor Trustee in accordance with applicable law, which objection, request for estimation, or dispute has not been withdrawn or resolved or determined by a Final Order; or (d) that is the subject of a pending action in a forum other than the Bankruptcy Court unless such Claim or Interest has been determined by Final Order in such other forum and Allowed by Final Order of the Bankruptcy Court. To the extent an objection related to the allowance of only a part of a Claim or Interest has been timely filed, such Claim or Interest shall be a Contested Claim only to the extent of the objection.

1.23. “Contested Amount” means (a) if a liquidated amount is set forth in a proof of Claim or Interest relating to a Contested Claim or Interest, (i) the liquidated amount set forth in the proof of Claim or Interest relating to the Contested Claim or Interest, (ii) an amount agreed to by the Debtor or the Creditor Trustee and the Holder of such Contested Claim or Interest, or (iii) if a request for estimation is filed by any party, the amount at which such Claim or Interest is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the proof of Claim or Interest relating to a Contested Claim or Interest, (i) an amount agreed to by the Debtor or the Creditor Trustee and the Holder of such Contested Claim or Interest, or (ii) the amount estimated by the Bankruptcy Court with respect to such Contested Claim or Interest; or (c) if the Claim or Interest was not listed on the Schedules or was listed on the Schedules as unliquidated, contingent or unliquidated and no proof of Claim or Interest was filed, or deemed to have been filed, by the Bar Date and the Claim or Interest has not been resolved by written agreement of the Debtor or the Creditor Trustee and the Holder of such Claim or Interest or an order of the Bankruptcy Court, zero.

1.24. “Creditor” means any Person who holds a Claim against either of the Debtors.

1.25. “Creditor Trust” means that certain trust established pursuant to Section 6.04 of the Plan and the Creditor Trust Agreement.

1.26. “Creditor Trust Agreement” means that certain trust agreement to be entered into pursuant to the Plan, under which the Creditor Trust will be established. The Creditor Trust Agreement will be filed with the Bankruptcy Court no later than ten (10) days before the commencement of the Confirmation Hearing.

1.27. “Creditor Trustee” means the person appointed as Creditor Trustee pursuant to this Plan or the Creditor Trust Agreement.

1.28. “Creditors Committee” means the Official Committee of Unsecured Creditors appointed in the Bankruptcy Cases by the United States Trustee pursuant to section 1102(a) of the Bankruptcy Code.

1.29. “Cure Claim” means a Claim arising from the assumption of an Executory Contract under section 365(b) of the Bankruptcy Code.

1.30. “Debtor” means Tekoil & Gas Corporation or Tekoil and Gas Gulf Coast, LLC in their individual capacity, including, as the context may require, either such Entity reorganized pursuant to the Plan, from and after the Effective Date. Each reference to a “Debtor” herein shall refer to an individual Debtor or both Debtors as the context may require.

1.31. “Debtor-in-Possession” means a Debtor in its capacity as a debtor-in-possession in its Bankruptcy Case under Bankruptcy Code sections 1107(a) and 1108.

1.32. “DIP Loan Claim” means any and all Allowed amounts owed (including interest, reasonable fees and expenses as permitted under the DIP Loan Facility and applicable law), as of the Effective Date, to J. Aron, Goldman Sachs & Co., or any other party (including any successor to or assignee of J. Aron or Goldman Sachs & Co.) under the DIP Loan Facility, including Claims under all loan documents executed in connection therewith.

1.33. “DIP Loan Facility” means the post-petition Debtor-In-Possession Credit Agreement dated as of January 15, 2009 entered into by the Debtors, J. Aron, and the DIP Lenders, as defined therein, in accordance with the terms and conditions set forth in the DIP Loan Order.

1.34. “DIP Loan Motion” means the Debtors’ Emergency Motion for Interim and Final Orders (I) Authorizing Secured Post-Petition Financing, (II) Granting Security Interests and According Superpriority Administrative Claim Status, (III) Authorizing Use of Cash Collateral, and (IV) Scheduling Final Hearing, filed on September 4, 2008 (docket #109).

1.35. “DIP Loan Order” means a Final Order, if any, of the Bankruptcy Court granting the DIP Loan Motion and authorizing the Debtors to enter into the DIP Loan Facility.

1.36. “Disallowed,” when used with respect to a Claim or Interest, shall mean a Claim or Interest, or a portion thereof, that (a) has been disallowed by a Final Order, (b) is listed in the Schedules in an amount of zero or as contingent, unliquidated or disputed and as to which no proof of Claim or Interest has been filed by the applicable Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or a Final Order or under applicable law, or (c) is not listed in the Schedules and as to which (y) no proof of Claim or Interest has been filed by the applicable Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or a Final Order or under applicable law, or (ii) no request for the allowance of an Administrative Claim or a Fee Claim has been filed by the deadline in Section 2.01 of the Plan or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or a Final Order or under applicable law.

1.37. “Disclosure Statement” means the disclosure statement (including all exhibits and schedules thereto) dated _____, 2009, relating to this Plan, distributed contemporaneously with this Plan in accordance with Bankruptcy Code sections 1125 and 1126(b) and Bankruptcy Rule 3018, as it may be altered, amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

1.38. “Distribution” means the property required under the Plan to be distributed to the Holders of Allowed Claims.

1.39. “Distribution Date” means a date upon which a Distribution is made in accordance with the Plan to Holders of Allowed Claims entitled to receive Distributions under the Plan.

1.40. “Effective Date” means the first Business Day on which no stay or motion for a stay of the Confirmation Order is in effect that is after ten (10) days (as calculated in accordance with Federal Rule of Bankruptcy Procedure 9006(a)) following the Confirmation Date and all conditions to the Effective Date have been met or waived. The Debtors will file and serve notice of the Effective Date within two (2) Business Days after its occurrence.

1.41. “Estate” means an applicable Debtor’s estate in these cases created pursuant to section 541 of the Bankruptcy Code.

1.42. “Executory Contract” means any prepetition executory contract or unexpired lease governed by section 365 of the Bankruptcy Code.

1.43. “Face Amount” means (a) when used in reference to a Contested Claim, the Contested Amount and (b) when used in reference to an Allowed Claim, the Allowed amount of such Claim.

1.44. “Federal Judgment Rate” means the federal judgment rate provided in 28 U.S.C. § 1961 in effect on the Petition Date, compounded annually on each anniversary of the Petition Date.

1.45. “Fee Application” means an application for the allowance and/or payment of a Fee Claim.

1.46. “Fee Claim” means a Claim by a Professional or any other party pursuant to sections 327, 328, 330, 331, 363, 503(b) or 1103 of the Bankruptcy Code or otherwise for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred after the Petition Date and prior to and including the Effective Date.

1.47. “Final Decree” means the final decree entered by the Bankruptcy Court pursuant to Bankruptcy Rule 3022, which shall, among other things, close the Bankruptcy Case(s).

1.48. “Final Order” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction, as entered on the docket in any Bankruptcy Case, the operation or effect of which has not been stayed, reversed or amended and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending; provided, however that no order or judgment shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure may be filed with respect to such order or judgment.

1.49. “General Unsecured Claim” means a Claim other than a DIP Loan Claim, an Administrative Claim, a Secured Claim, a Priority Tax Claim, an Other Priority Claim, a Subordinated Claim, or an Intercompany Claim.

1.50. “Gulf Coast” means Tekoil and Gas Gulf Coast, LLC, the Debtor in Bankruptcy Case No. 08-80405.

1.51. “Holder” means a Person that is the beneficial owner of a Claim or Interest. For purposes of voting to accept or reject the Plan, a Person must be a Holder as of the Voting Record Date.

1.52. “Initial Distribution Date” means the first Distribution Date following the Effective Date, which date shall be no later than thirty (30) days after the Effective Date.

1.53. “Intercompany Claim” means any Claim held by a Debtor against the other Debtor, including, without limitation, (a) any account reflecting intercompany book entries by a Debtor with respect to another Debtor, (b) any Claim not reflected in such book entries that is

held or asserted by a Debtor against another Debtor, (c) any derivative Claim asserted by or on behalf of one Debtor against another Debtor, and (d) any Claim asserted by one Debtor against another Debtor as a result of a payment made by the claimant Debtor pursuant to a guarantee or similar instrument or obligation.

1.54. “Interest” means any “equity security” (as defined in section 101(16) of the Bankruptcy Code) in a Debtor.

1.55. “J. Aron” means J. Aron & Company.

1.56. “J. Aron Secured Claim” means any Secured Claim arising under the Prepetition Loan Documents.

1.57. “Lien” has the meaning ascribed to such term in section 101(37) of the Bankruptcy Code and shall include a “statutory lien” as defined in section 101(53) of the Bankruptcy Code.

1.58. “M&M Lien Claim” means a Claim for furnishing services, materials or equipment for operations on oil and gas leases or wells owned by the Debtor as to which a valid and timely filed Lien has been properly perfected under Chapter 56 of the Texas Property Code or a similar statute of a state other than Texas statutory lien or privilege was granted by the laws of the state in which the property is located, or as to which a perfected Lien arises under the Texas Constitution, Article 16, section 37 or similar laws of a state other than Texas, to the extent enforceable in the Bankruptcy Cases.

1.59. “Objection Deadline” means the last day for filing objections to Claims or Interests, other than Administrative Claims or Fee Claims, which day shall be the later of (a) 180 days after the Effective Date or (b) such other day as the Bankruptcy Court may order. The filing of a motion to extend the Objection Deadline shall automatically extend the Objection Deadline until an order ruling on such motion becomes a Final Order. If such motion to extend the Objection Deadline is denied, the Objection Deadline shall be the later of the current Objection Deadline (as previously extended, if applicable) or thirty (30) days after the Bankruptcy Court’s order denying such motion becomes a Final Order.

1.60. “Ordinary Course of Business” shall have the meaning provided under 11 U.S.C. § 363 and judicial interpretations thereof.

1.61. “Other Priority Claim” means any Claim that, if Allowed, would be entitled to priority in payment under section 507(a) of the Bankruptcy Code other than a Priority Tax Claim or an Administrative Claim.

1.62. “Other Secured Claim” means any Secured Claim against a Debtor (including without limitation M&M Lien Claims) other than the DIP Loan Claim, a Secured Tax Claim, the J. Aron Secured Claim, or the CIBC Secured Claim.

1.63. “Person” means and includes Entities, natural persons, corporations, limited partnership, general partnerships, joint ventures, trusts, land trusts, business trusts,

unincorporated organizations, or other organizations, and governments, and agencies and political subdivisions thereof.

1.64. “Petition Date” means the date each Debtor filed its petition for relief under chapter 11 of the Bankruptcy Code; namely, June 10, 2008 as to Tekoil and August 29, 2008 as to Gulf Coast.

1.65. “Plan” means this Joint Plan of Reorganization, all exhibits annexed to the Plan, referenced in the Plan, or included in the Plan Documents, as the same may be altered, amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code and the Bankruptcy Rules.

1.66. “Plan Committee” means the Plan Committee created pursuant to Section 6.07 of the Plan.

1.67. “Plan Documents” means any exhibits, schedules, agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan filed no later than ten (10) days before the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court without further notice to parties in interest, and as may be amended thereafter.

1.68. “Prepetition Loan Documents” means the Credit and Guaranty Agreement and all related documents (including all UCC filings and other documents granting Liens and encumbrances), dated May 11, 2007, and executed by Gulf Coast as borrower, Tekoil as guarantor, J. Aron as Lead Arranger, Syndication Agent, and Administrative Agent for the Prepetition Lenders (as defined therein), and the Prepetition Lenders, if any.

1.69. “Priority Tax Claim” means any Claim that, if Allowed, would be entitled to priority under section 507(a)(8) of the Bankruptcy Code.

1.70. “Professional” means (a) any professional employed in the Bankruptcy Cases pursuant to Bankruptcy Code sections 327, 328 or 1103 or otherwise and (b) any professional or other Person seeking compensation or reimbursement of costs and expenses in connection with the Bankruptcy Cases pursuant to Bankruptcy Code section 503(b)(4) or 1129(a)(4).

1.71. “Pro Rata” means, at any time, the proportion that the Face Amount of a Claim in a particular Class bears to the aggregate Face Amount of all Claims (including Contested Claims, but excluding Disallowed Claims) in that Class, unless the Plan provides otherwise.

1.72. “Rejection Bar Date” means the deadline by which any Person whose Claim arises out of the rejection of an executory contract or unexpired lease (pursuant to Bankruptcy Code section 365) must file a proof of Claim, which deadline shall be the later of (a) thirty (30) days after service of a notice of the Effective Date or (b) such other date as is prescribed by the Bankruptcy Court.

1.73. “Rejection Claim” means a Claim by a party to an Executory Contract that has not been assumed by the Debtor pursuant to the Plan or a prior Final Order of the Bankruptcy Court entered in a Bankruptcy Case.

1.74. “Schedules” means the schedules of assets and liabilities, the list of Holders of Interests, and the statement of financial affairs filed by the Debtor as required by section 521 of the Bankruptcy Code and the Bankruptcy Rules, as such items have been or may be modified, supplemented or amended.

1.75. “Secured Claim” means a Claim secured by a Lien that is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law, on or against property in which an Estate has an interest, or a Claim that is subject to setoff under Bankruptcy Code section 553, but only to the extent of the value of the Holder’s interest in the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to Bankruptcy Code section 506(a) or, in the case of setoff, pursuant to Bankruptcy Code section 553, or in either case as agreed upon in writing by the relevant Debtor and the Holder of such Claim. Secured Claims shall include Claims secured by Liens junior in priority to other Liens, whether by operation of law, contract, or otherwise, but solely to the extent of the value, as of the Effective Date or such other date established by the Bankruptcy Court, of such Claim Holder’s interest in the Estate’s interest in such property after giving effect to all Liens that are senior in priority. The amount of any Claim that exceeds the value of the Holder’s interest in the Estate’s interest in property or the amount subject to setoff shall be treated as a General Unsecured Claim.

1.76. “Secured Tax Claim” means a Claim of a governmental unit for the payment of a tax assessed against property of the Estate and that is secured as of the Effective Date by a Lien against such property, which Lien is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, but only to the extent of the value of the property securing such Claim.

1.77. “Subordinated Claim” means (a) any Claim subordinated pursuant to Bankruptcy Code section 510(b) or 510(c), including but not limited to any Claim for damages arising from the sale or purchase of a security of the Debtor, any Claim arising from a rescission of a purchase or sale of a security of the Debtor, or any claim for reimbursement, contribution or indemnification on account of any such Claim, and (b) any Claim, other than an Administrative Claim, asserted by (i) an Insider of a Debtor, (ii) an affiliate of an Insider of a Debtor, or (iii) the Holder of an Interest in a Debtor.

1.78. “Tekoil” means Tekoil & Gas Corporation, the Debtor in Bankruptcy Case No. 08-80270.

1.79. “Trust Property” means all property of the Creditor Trust, including without limitation, all property transferred to the Creditor Trust at any time and all other property incidental thereto that may be acquired by the Creditor Trust from time to time under the Plan, the Creditor Trust Agreement or otherwise.

1.80. “Unclaimed Property” means any Distribution under the Plan that, for a period of one year after the applicable Distribution Date (unless otherwise extended by an order of the Bankruptcy Court or an agreement with the Creditor Trustee), is either (a) attributable to the Holder of an Allowed Claim that has failed to prepare, execute and return to the Debtor or the

Creditor Trustee an Internal Revenue Service Form W-9, (b) returned to the Debtor or the Creditor Trustee as undeliverable, or (c) otherwise unclaimed.

1.81. "Voting Deadline" means _____, 2009, the deadline set by the Bankruptcy Court for the receipt of Ballots for accepting or rejecting the Plan.

1.82. "Voting Record Date" means _____, 2009.

ARTICLE II **UNCLASSIFIED CLAIMS**

2.01. Administrative Claims.

All Administrative Claims shall be treated as follows:

(a) Time for Filing Administrative Claims.

The Holder of any Administrative Claim that is incurred, accrued or in existence prior to the Effective Date, other than (i) a Fee Claim, (ii) an Allowed Administrative Claim, or (iii) a liability incurred and paid in the Ordinary Course of Business by the Debtor must file with the Bankruptcy Court and serve on all parties required to receive such notice an application for the allowance of such Administrative Claim on or before thirty (30) days after the Effective Date. Such notice must include at a minimum (i) the name of the Holder of the Claim, (ii) the amount of the Claim, and (iii) the basis of the Claim. Failure to timely and properly file and serve the application required under this subsection shall result in the Administrative Claim being forever barred and discharged. Objections to such requests must be filed and served pursuant to the Bankruptcy Rules on the requesting party, the Creditor Trustee and the Debtors within thirty (30) days after the filing of the applicable request for payment of an Administrative Claim.

(b) Time for Filing Fee Claims.

Each Professional who holds or asserts an Administrative Claim that is a Fee Claim for compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date shall be required to file with the Bankruptcy Court and serve on all parties required to receive such notice a Fee Application within forty-five (45) days after the Effective Date. Failure to timely and properly file and serve a Fee Application as required under this Section shall result in the Fee Claim being forever barred and discharged. No Fee Claim will be deemed Allowed until an order allowing the Fee Claim becomes a Final Order. Objections to Fee Applications must be filed and served pursuant to the Bankruptcy Rules on the Professional to whose application the objection is filed, the Creditor Trustee and the Debtors within thirty (30) days after the filing of the applicable Fee Application. No hearing may be held until the objection period has expired.

(c) Allowance of Administrative Claims.

An Administrative Claim with respect to which notice has been properly filed pursuant to Section 2.01(a) of the Plan shall become an Allowed Administrative Claim if no timely objection is filed. If a timely objection is filed, the Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order. An Administrative Claim

that is a Fee Claim, and with respect to which a Fee Application has been properly filed and served pursuant to Section 2.01(b) of the Plan, shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order.

(d) Payment of Allowed Administrative Claims.

Except to the extent that a Holder of an Allowed Administrative Claim has been paid prior to the Effective Date, or agrees to a different treatment, each Holder of an Allowed Administrative Claim shall receive from the Creditor Trust, in full satisfaction, release and discharge of and exchange for such Administrative Claim, and after the application of any retainer held by such Holder, Cash equal to the Allowed amount of such Administrative Claim within ten (10) Business Days after the Allowance Date with respect to such Allowed Administrative Claim.

(e) Ordinary Course of Business Claims.

Holders of Administrative Claims based on liabilities incurred in the Ordinary Course of Business of the Debtors during the Bankruptcy Cases (other than Claims of governmental units for taxes or Claims and/or penalties related to such taxes, or alleged Administrative Claims arising in tort) shall not be required to file any request for payment of such Claims. Liabilities incurred in the Ordinary Course of Business, to the extent not previously paid, shall be paid by the Debtors or the Creditor Trustee pursuant to the terms and conditions of the transaction giving rise to such Administrative Claim, without any further action by the Holders of such Administrative Claim.

(f) DIP Loan Claim.

Except to the extent that the Holder of the DIP Loan Claim has been paid prior to the Effective Date or agrees to a different treatment, such Holder shall receive from the Creditor Trust, in full satisfaction, release and discharge of and exchange for the DIP Loan Claim, Cash equal to the Allowed amount of the DIP Loan Claim within ten (10) Business Days after the later of the Effective Date or the Allowance Date with respect to the DIP Loan Claim.

2.02. Priority Tax Claims.

On or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim, in full satisfaction, release, settlement, and discharge of and exchange for such Claim, shall receive (a) Cash equal to the Allowed amount of such Priority Tax Claim, or (b) such other treatment to which such Holder and the Debtor or the Creditor Trust agree in writing. Notwithstanding the foregoing, the Holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim.

2.03. U.S. Trustee Fees.

The Debtors or the Creditor Trust shall timely pay to the United States Trustee all quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6). Any fees due as of the most recent

quarterly invoice before the Confirmation Date will be paid in full within thirty (30) days after the Effective Date. After the Effective Date, the Debtors or the Creditor Trustee shall pay all United States Trustee quarterly fees for the Debtors as they accrue until the Bankruptcy Cases are closed. Each Debtor or the Creditor Trustee shall serve on the United States Trustee a quarterly financial report for such Debtor for each quarter (or portion thereof) that such Debtor's Bankruptcy Case remains open.

ARTICLE III
CLASSIFICATION OF CLAIMS AND INTERESTS

3.01. Classification

All Claims and Interests, except Administrative Claims and Priority Tax Claims, are placed in the Classes set forth below. In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims and Priority Tax Claims have not been classified.

The Plan, though proposed jointly by both of the Debtors, constitutes a separate plan for each Debtor. Thus, the Plan separately treats Claims based on the individual Debtor that is obligated for such Claims, except with respect to Class 6 General Unsecured Claims, which Class is treated as a single Class for voting and distribution purposes. For all Classes other than Class 6 General Unsecured Claims, the Plan contemplates separate sub-Classes for each Debtor for voting and distribution purposes, and Ballots will be tabulated separately for each of the Debtors with respect to each Debtor's Plan. Thus, each of the Classes of Claims set forth herein, except for Class 6, will exist separately for each of the Debtors.

Section 3.02 of the Plan sets forth a designation of classes of Claims against and Interests in the Debtors in accordance with Bankruptcy Code section 1122(a). A Claim or Interest is classified in a particular Class only to the extent that any portion of the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent any portion of the Claim or Interest qualifies within the description of that different Class. If a Claim or Interest is acquired or transferred, the Claim or Interest shall be placed in the Class in which it would have been placed if it were owned by the original Holder of such Claim or Interest. A Claim is also placed in a particular Class for the purpose of receiving Distributions under the Plan only to the extent that such Claims is an Allowed Claim in that Class and such Claim has not been paid or released prior to the Effective Date.

3.02. Claims Against or Interests in Tekoil and Gulf Coast

- Class 1: Other Priority Claims
- Class 2: Secured Tax Claims
- Class 3: J. Aron Secured Claim
- Class 4: CIBC Secured Claim
- Class 5: Other Secured Claims
- Class 6: General Unsecured Claims

Class 7: Subordinated Claims

Class 8: Intercompany Claims

Class 9: Interests

ARTICLE IV
**IDENTIFICATION OF UNIMPAIRED AND IMPAIRED
CLAIMS AND INTERESTS**

4.01. Unimpaired Claims

Claims against the Debtors in Class 1 are not impaired under the Plan, and the Holders of those Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

4.02. Impaired Claims and Interests

Claims against the Debtors in Classes 2, 3, 4, 5, and 6 are impaired under the Plan and the Holders of Claims and Interests in those Classes are entitled to vote to accept or reject the Plan. Claims against the Debtors in Classes 7 and 8 and Interests in Class 9 are impaired and the Holders of such Claims will not receive any Distribution under the Plan, and are thus conclusively deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

4.03. Controversy Concerning Impairment

In the event of a controversy as to whether any Claim or Interest or any Class of Claims or Interests is impaired under the Plan, the Bankruptcy Court will determine the controversy, after notice and a hearing.

ARTICLE V
TREATMENT OF CLAIMS AND INTERESTS

5.01. Class 1: Other Priority Claims

On or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to an Other Priority Claim, the Holder of such Allowed Other Priority Claim shall receive from the Creditor Trust, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Priority Claim, (a) Cash equal to the Allowed amount of such Other Priority Claim or (b) such other treatment to which such Holder and the Debtor or the Creditor Trust agree in writing. To the extent an Allowed Other Priority Claim entitled to priority treatment under 11 U.S.C. §§ 507(a)(4) and (5) exceeds the statutory cap applicable to such Claim, such excess shall be treated as a Class 6 General Unsecured Claim.

5.02. Class 2: Secured Tax Claims

On or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to a Secured Tax Claim, the Holder of such Allowed Secured Tax Claim shall receive from the Creditor Trust, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Secured Tax Claim, (a) Cash equal to the

value of its Allowed Secured Tax Claim, including interest thereon at the rate provided under applicable non-bankruptcy law pursuant to 11 U.S.C. § 511¹ from the Petition Date through the date such Claim is paid in full, (b) the Collateral securing the Allowed Secured Tax Claim, or (c) such other treatment as may be agreed upon in writing by the Debtor or the Creditor Trustee and such Holder.

Each Holder of an Allowed Secured Tax Claim shall retain its Lien in the Collateral that secures its Claim or the proceeds of such Collateral (to the extent such Collateral is sold (or abandoned as to Collateral in which the Holder holds a first priority Lien) by the Debtors or the Creditor Trust free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until (a) the Holder of such Allowed Secured Tax Claim (i) has been paid Cash equal to the value of its Allowed Secured Tax Claim and/or (ii) has received a return of the Collateral securing its Allowed Secured Tax Claim, or (iii) has been afforded such other treatment as to which the Debtor or the Creditor Trustee and such Holder shall have agreed upon in writing, or (b) such purported Lien has been determined by a Final Order of the Bankruptcy Court to be invalid or otherwise avoidable. To the extent that a Secured Tax Claim exceeds the value of the interest of the Estate in the property that secured such Claim, such Claim shall be deemed Disallowed pursuant to Bankruptcy Code section 502(b)(3).

5.03. Class 3: J. Aron Secured Claim

On or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to the J. Aron Secured Claim, the Holder of the Allowed J. Aron Secured Claim shall receive from the Creditor Trust, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed J. Aron Secured Claim and all Liens securing such Claim, (a) Cash equal to the value of the Allowed J. Aron Secured Claim as of the Effective Date, (b) or such other treatment as may be agreed upon in writing by the Debtor or the Creditor Trustee and such Holder. If any portion of the J. Aron Secured Claim is Disallowed because it exceeds the value of the interest of the Estate in the property that secures such Claim, such excess amount shall constitute and be treated as an Allowed General Unsecured Claim under Class 6 of the Plan.

The Holder of the Allowed J. Aron Secured Claim shall retain its Lien in the Collateral that secures its Claim or the proceeds of such Collateral (to the extent such Collateral is sold (or abandoned as to Collateral in which the Holder holds a first priority Lien) by the Debtors or the Creditor Trust free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until (a) the Holder of the Allowed J. Aron Secured Claim (i) has been paid Cash equal to the value of its Allowed Secured Claim as of the Effective Date and/or (ii) has received a return of the Collateral securing the Allowed J. Aron Secured Claim, or (iii) has been afforded such other treatment as to which the Debtor or the Creditor Trustee and such Holder shall have agreed upon in writing, or (b) such purported Lien has been determined by a Final Order of the Bankruptcy Court to be invalid or otherwise avoidable.

¹ With respect to Allowed Secured Tax Claims arising under Texas law, the interest rate applicable through 11 U.S.C. § 511 shall be one percent (1%) per month, or twelve percent (12%) per annum.

5.04. Class 4: CIBC Secured Claim

After the Effective Date, the Creditor Trustee shall sell the Collateral securing the CIBC Secured Claim, subject to the right of CIBC to bid for such Collateral prior to a closing on a sale by the Creditor Trustee. Within ten (10) Business Days after the closing of such sale to any party other than CIBC, the Creditor shall pay the proceeds of such sale, net of the reasonable expenses of sale, to the Holder of the Allowed CIBC Secured Claim in full satisfaction, settlement, release and discharge of and in exchange for such Claim and all Liens securing such Claim. Notwithstanding the foregoing, if the Creditor Trustee fails to close on a sale of the Collateral securing the CIBC Secured Claim on or before July 31, 2009, then the Holder of the Allowed CIBC Secured Claim shall receive such Collateral from the Creditor Trust on or before August 14, 2009 in full satisfaction, settlement, release and discharge of and in exchange for such Claim and all Liens securing such Claim.

The Holder of the Allowed CIBC Secured Claim shall retain its Lien in the Collateral that secures its Claim or the proceeds of such Collateral (to the extent such Collateral is sold by the Creditor Trust free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until (a) the Holder of the Allowed CIBC Secured Claim (i) has been paid Cash equal to the net proceeds of the sale of such Collateral as provided in this Section, or (ii) has received a return of the Collateral securing its Allowed Secured Tax Claim as provided in this Section, or (b) such purported Lien has been determined by a Final Order of the Bankruptcy Court to be invalid or otherwise avoidable. If any portion of the CIBC Secured Claim is Disallowed because it exceeds the value of the interest of the Estate in the property that secures such Claim, such excess amount shall constitute and be treated as an Allowed General Unsecured Claim under Class 6 of the Plan.

5.05. Class 5: Other Secured Claims

Class 5 shall contain separate subclasses for each Other Secured Claim. Each subclass is deemed to be a separate class for all purposes under the Bankruptcy Code and the Plan.

On or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Allowance Date with respect to an Other Secured Claim, the Holder of such Allowed Other Secured Claim shall receive from the Creditor Trust, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, (a) Cash equal to the value of its Allowed Other Secured Claim, including interest thereon at the lesser of the Federal Judgment Rate or a non-default rate provided under a contract, if any, between the Debtor and such Holder from the Petition Date through the date such Claim is paid in full, (b) the Collateral securing the Allowed Other Secured Claim, or (c) such other treatment as may be agreed upon in writing by the Debtor or the Creditor Trustee and such Holder. If any portion of an Other Secured Claim is Disallowed because it exceeds the value of the interest of the Estate in the property that secures such Claim, such excess amount shall constitute and be treated as an Allowed General Unsecured Claim under Class 6 of the Plan.

The Holder of an Allowed Other Secured Claim shall retain its Lien in the Collateral that secures its Claim or the proceeds of such Collateral (to the extent such Collateral is sold (or abandoned as to Collateral in which the Holder holds a first priority Lien) by the Debtors or the

Creditor Trust free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until (a) the Holder of such Allowed Other Secured Claim has been (i) paid Cash equal to the value of its Allowed Other Secured Claim or (ii) afforded such other treatment as to which the Debtor or the Creditor Trust and such Holder shall have agreed upon in writing, or (b) such purported Lien has been determined by a Final Order of the Bankruptcy Court to be invalid or otherwise avoidable. If any portion of an Other Secured Claim is Disallowed because it exceeds the value of the interest of the Estate in the property that secures such Claim, such excess amount shall constitute and be treated as an Allowed General Unsecured Claim under Class 6 of the Plan.

5.06. Class 6: General Unsecured Claims

Except to the extent that a Holder of an Allowed General Unsecured Claim has been paid prior to the Effective Date or agrees to a different treatment, after all Allowed Administrative Claims, all Allowed Priority Tax Claims, and Allowed Claims in Classes 1 through 5 have been paid or otherwise satisfied in full as provided in the Plan, each Holder of an Allowed General Unsecured Claim shall receive from the Creditor Trust in full satisfaction, release and discharge of and in exchange for such Claim, a Pro Rata share of the Distributions available for Class 6 Creditors from the Creditor Trust. The Creditor Trustee may make multiple Distributions to Holders of Allowed General Unsecured Claims. The Creditor Trustee shall determine the amount and timing of such Distributions in his sole discretion after consultation with the Plan Committee.

5.07. Class 7: Subordinated Claims

Holders of Subordinated Claims shall not be entitled to receive or retain, and shall not receive or retain, any property under the Plan on account of such Subordinated Claims. Class 7 is deemed to have rejected the Plan and, therefore, Holders of Subordinated Claims are not entitled to vote to accept or reject the Plan.

5.08. Class 8: Intercompany Claims

On the Effective Date, all Intercompany Claims shall be cancelled as worthless, and Holders of Intercompany Claims shall not be entitled to receive or retain, and shall not receive or retain, any property under the Plan on account of such Intercompany Claims. Class 8 is deemed to have rejected the Plan and, therefore, Holders of Intercompany Claims are not entitled to vote to accept or reject the Plan.

5.09. Class 9: Interests in the Debtors

Holders of Class 9 Interests in the Debtors shall retain such Interests from and after the Effective Date, but such Holders shall not receive any Distributions on account of such Interests unless and until all Allowed Claims in Classes 1 through 6 are paid in full with interest as provided under applicable law. It is not anticipated that there will be any Distributions to Holders of Class 9 Allowed Interests. Further, unless and until all Allowed Claims in Classes 1 through 6 have been paid in full with interest as provided under applicable law, the voting rights, if any, of Holders of Class 9 Interests shall be exercised exclusively by the Creditor Trustee from and after the Effective Date.

ARTICLE VI
MEANS FOR IMPLEMENTATION OF THE PLAN

6.01. Auction of Certain Assets of the Estate of Gulf Coast

Prior to the Confirmation Date, pursuant to procedures approved by the Bankruptcy Court, the Debtors shall conduct an auction of all assets in the Estate of Gulf Coast except for Causes of Action, accounts receivable, and Cash. In particular, the Debtors shall conduct such auction on or before March 20, 2009 and shall seek the entry of an order of the Bankruptcy Court on or before March 27, 2009 approving the sale of the foregoing assets to the prevailing bidder at the auction, free and clear of all Liens and Claims, pursuant to Bankruptcy Code section 363.

6.02. Sources for Plan Distributions and Operations of Creditor Trust

All Cash necessary for payment of Allowed Claims to be paid in Cash by the Creditor Trust and for payment of the expenses of the Creditor Trust will be obtained from the Trust Property or the proceeds therefrom.

6.03. Limited Substantive Consolidation of Class 6 General Unsecured Claims

Based upon the Debtors' prepetition operations and other factors, the Debtors believe a limited substantive consolidation is necessary and appropriate to achieve a fair and meaningful distribution to Holders of Allowed Class 6 General Unsecured Claims. In particular, the Debtors believe that their unsecured creditors dealt with the Debtors as a single economic unit and did not rely on the Debtors' separate identity or separate assets in providing goods and services or extending credit to either Debtor. For example, many unsecured creditors provided goods and services to or for the benefit of Gulf Coast but the underlying contracts were with Tekoil, and Tekoil issued payment for those goods and services. Further, neither Debtor currently has any significant unencumbered cash with which to pay Allowed General Unsecured Claims. In these circumstances, the Debtors believe that a limited substantive consolidation of Class 6 General Unsecured Claims is appropriate.

Accordingly, for the purposes of effectuating the Plan, including for purposes of voting on and confirmation of the Plan, and Distributions to Class 6 Creditors under the Plan, the Debtors are seeking authority under section 105 of the Bankruptcy Code to substantively consolidate the Debtors solely with respect to Creditors who hold Class 6 General Unsecured Claims. The Plan will serve as a motion seeking entry of an order (which may be the Confirmation Order) consolidating the Debtors, as described and to the limited extent set forth above solely with respect to Class 6 General Unsecured Claims. Unless an objection to such consolidation is made in writing by any Creditor affected by the Plan, filed with the Bankruptcy Court and served on the Debtors and their counsel on or before ten (10) days before the Voting Deadline or such other date as may be fixed by the Bankruptcy Court, the limited substantive consolidation order (which may be the Confirmation Order) may be entered by the Bankruptcy Court. If any such objections are timely filed, a hearing with respect to thereto will occur at or before the Confirmation Hearing.

Such consolidation (other than for purposes of effectuating the Plan) will not affect: (a) the legal and corporate structures of the Debtors; (b) pre- and post-Effective Date Liens or security interests that are required to be maintained pursuant to the Plan or in connection with contracts or leases entered into by the Debtors during the Bankruptcy Cases or Executory Contracts that have been or will be assumed; (c) distributions or proceeds from insurance policies of the Debtors; or (d) the vesting of assets in the Creditor Trust under Section 6.03(b) of the Plan.

6.04. The Creditor Trust

(a) **Establishment of the Creditor Trust.** On the Effective Date, the Creditor Trust shall be established and shall become effective, and the Creditor Trustee shall execute the Creditor Trust Agreement.

(b) **Transfer and Vesting of Assets.** On the Effective Date, all property of the Debtors and their Estates (including, without limitation, all Causes of Action and all proceeds of the auction and sale described in Section 6.01 of the Plan) shall be paid, delivered and/or transferred to and vest in the Creditor Trust, and shall constitute Trust Property, free and clear of all Claims, Liens, interests and encumbrances, except as otherwise provided in the Plan, and shall thereafter be administered, liquidated by sale, collection, recovery, or other disposition and distributed by the Creditor Trust in accordance with the terms of the Plan and the Creditor Trust Agreement.

(c) **Assumption of Liabilities.** Except as otherwise provided herein, the Creditor Trust and Creditor Trustee (solely in his capacity as Creditor Trustee and not in his individual capacity) shall assume liability for and the obligations to make the Distributions required to be made under the Plan and the Creditor Trust Agreement, but shall not otherwise assume liabilities of the Debtors.

(d) **Creditor Trust Distributions and Operating Expenses.** The Creditor Trustee shall liquidate all of the Trust Property and shall distribute the net proceeds of such liquidation in accordance with the Plan and the Creditor Trust Agreement. Except as otherwise provided in the Plan, the timing and amount of all Distributions pursuant to the Plan shall be within the sole discretion of the Creditor Trustee. The Creditor Trustee may reserve and use Cash from the Trust Property, in such amounts as the Creditor Trustee shall deem reasonable in his sole discretion after consultation with the Plan Committee, for the payment of expenses of the Creditor Trust and the Creditor Trustee, including without limitation, professional fees and expenses, costs of Distributions, and the prosecution and resolution of Causes of Action and objections to Claims.

(e) **Duration of Creditor Trust.** The Creditor Trust shall continue to exist until (i) the Bankruptcy Court has entered a Final Order closing the Bankruptcy Cases pursuant to Bankruptcy Code section 350(a) and (ii) the Creditor Trustee has administered all assets of the Creditor Trust, made a final Distribution to Holders of Allowed Claims as provided in the Plan, and performed all other duties required by the Plan and the Creditor Trust Agreement. As soon as practicable after the final Distribution Date, the Creditor Trustee shall seek entry of a Final Order closing the Bankruptcy Cases pursuant to Bankruptcy Code section 350(a).

(f) **Creditor Trustee.**

(i) **Appointment.** The Creditor Trustee shall be a Person selected by the Creditors Committee and approved by the Bankruptcy Court in the Confirmation Order. The appointment of the Creditor Trustee shall be effective as of the Effective Date. Any successor Creditor Trustee shall be appointed by the Plan Committee as set forth in the Creditor Trust Agreement.

(ii) **Term.** Unless the Creditor Trustee resigns or dies earlier, the Creditor Trustee's term shall expire upon termination of the Creditor Trust pursuant to the Plan and/or the Creditor Trust Agreement.

(iii) **Powers and Duties.** The Creditor Trustee shall have the powers and duties set forth in the Plan and the Creditor Trust Agreement. The Creditor Trustee will be a representative of the Debtors' Estates pursuant to Bankruptcy Code section 1123(b)(3) and as such will have the power to prosecute all Causes of Action in the name of the Creditor Trust or as necessary in the name of the Debtors. The Creditor Trustee shall be governed in all things by the terms of the Creditor Trust Agreement and the Plan. The Creditor Trustee shall administer the Creditor Trust and its assets and make Distributions in accordance with the Plan. The Creditor Trustee shall be authorized, empowered and directed to take all actions necessary to comply with the Plan and exercise and fulfill the duties and obligations arising thereunder, including without limitation the following:

- (1) Perfect and secure the Creditor Trust's right, title and interest to any and all property of the Creditor Trust;
- (2) Administer, sell, liquidate, or otherwise dispose of all assets of the Creditor Trust in accordance with the terms of the Plan and the Creditor Trust Agreement;
- (3) Distribute the net proceeds of the assets of the Creditor Trust as specified herein;
- (4) Execute any documents, instruments, contracts, and agreements necessary and appropriate to carry out the powers and duties of the Creditor Trust;
- (5) Pay and discharge any costs, expenses, fees or obligations deemed necessary to preserve the Trust Property or any part thereof or to preserve the Creditor Trust;
- (6) Purchase insurance as is necessary to insure and protect Trust Property, and to protect the Creditor Trust and the Creditor Trustee from liability;
- (7) Open, maintain, and administer bank accounts as necessary to discharge the duties of the Creditor Trustee under the Plan and the

Creditor Trust Agreement;

- (8) Employ such attorneys, accountants, auctioneers, engineers, agents, brokers, managers, consultants, investigators, expert witnesses, tax specialists, other professionals, and clerical assistants as the Creditor Trustee may deem necessary. The Creditor Trustee shall be entitled to rely reasonably upon the advice of retained professionals and shall not be liable for any action taken in reliance on such advice. The reasonable and necessary fees and expenses of all such professionals and clerical assistants shall be charged as expenses of the Creditor Trust and be shall paid upon approval of the Creditor Trustee;
- (9) Exercise any and all powers granted to the Creditor Trustee by any agreements or by federal or Texas common law or statutory law that serve to increase the extent of the powers granted to the Creditor Trustee hereunder;
- (10) Sue and be sued and represent the Estates and the Creditor Trust before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Plan or the Creditor Trust;
- (11) Comply with all applicable laws, regulations, and orders of the Bankruptcy Court and any other court of competent jurisdiction over the matters set forth herein;
- (12) investigate, analyze, commence, prosecute, litigate, compromise, and otherwise administer the Causes of Action for the benefit of the Creditor Trust and its beneficiaries as set forth in the Plan and the Creditor Trust Agreement, and take all other necessary and appropriate steps to collect, recover, settle, liquidate, or otherwise reduce to Cash the Causes of Action, and to negotiate and effect settlements and Lien releases with respect to all related Claims and Liens as set forth in the Plan and the Creditor Trust Agreement;
- (13) exercise such other powers as may be vested in the Creditor Trust or the Creditor Trustee pursuant to the Plan, the Creditor Trust Agreement, or any Final Order of the Bankruptcy Court and do all other acts that may be necessary or appropriate for the final liquidation and distribution of the assets of the Creditor Trust;
- (14) review all fee applications filed by Professionals employed during the Bankruptcy Cases and have authority to object to same; and
- (15) review all Claims and have authority to object to same.

(iv) **Fees and Expenses.** Unless otherwise provided in the Plan, compensation of the Creditor Trustee and the costs and expenses of the Creditor Trust and the Creditor Trustee (including without limitation professional fees and expenses) shall be paid from the assets of the Creditor Trust or the proceeds thereof. The reasonable fees and expenses of the Creditor Trustee or the Creditor Trustee's professionals shall be paid as necessary to discharge the Creditor Trustee's duties under the Plan and the Creditor Trust Agreement, which payments shall be made on ten (10) days' notice to the Plan Committee, but shall not require approval or an order of the Bankruptcy Court. If a dispute arises regarding the fees or expenses of the Creditor Trustee or the Creditor Trustee's professionals, the undisputed portion of such fees and expenses may be paid pending the resolution of the disputed portion of such fees and expenses without approval or an order of the Bankruptcy Court. The Creditor Trustee may deduct all fees expenses reasonably incurred by the Creditor Trustee or the Creditor Trustee's professionals in administering, preserving, maintaining or liquidating the assets of the Creditor Trust from such assets or the proceeds of such assets prior to making any Distribution of such assets or proceeds under the Plan.

(v) **Indemnification and Limitation of Liability.** The Creditor Trustee shall not be liable for actions taken or omitted in his capacity as the Creditor Trustee, except those acts arising out of his own fraud, willful misconduct, or gross negligence. The Creditor Trustee shall be entitled to indemnification and reimbursement for all losses, fees, and expenses in defending any and all of his actions or inactions in his capacity as the Creditor Trustee, except for any actions or inactions involving his own fraud, willful misconduct, or gross negligence. Any indemnification claim of the Creditor Trustee shall be satisfied from the assets of the Creditor Trust.

(g) **Distributable Cash; Investment.** The Creditor Trustee shall collect all funds constituting property of the Creditor Trust and, pending distribution, shall deposit such funds with a federally insured financial institution with a minimum of \$200 million in capital and that provides banking services. The Creditor Trustee will deposit funds so that they are adequately insured. Notwithstanding the foregoing, the Creditor Trustee may invest all Cash received into the Creditor Trust (including any earnings thereon or proceeds therefrom) in the same manner as chapter 7 trustees are required to invest funds pursuant to the guidelines of the United States Trustee's Office, provided that the Creditor Trustee shall invest funds held in only demand and time deposits, such as short-term certificates of deposit, in banks or savings institutions, or other temporary, liquid and low-risk investments, such as Treasury bills. The Creditor Trustee shall hold all such funds until they are distributed pursuant to the Plan to Creditors with Allowed Claims or to other parties as provided in the Plan or the Creditor Trust Agreement.

(h) **Resignation.** The Creditor Trustee may resign at any time by giving written notice to the Bankruptcy Court and the Plan Committee, and such resignation shall be effective upon the date provided in such notice. In the case of the resignation of the Creditor Trustee, a successor Creditor Trustee shall thereafter be appointed by the Plan Committee, whereupon such resigning Creditor Trustee shall convey, transfer and set over to such successor Creditor Trustee by appropriate instrument or instruments all property of the Creditor Trust then unconveyed or otherwise undisposed of and all other assets then in his possession and held under

the Plan or the Creditor Trust Agreement. Without further act, deed or conveyance, a successor Creditor Trustee shall be vested with all the rights, privileges, powers and duties of the Creditor Trustee, except that the successor Creditor Trustee shall not be liable for the acts or omissions of his predecessor(s). Each succeeding Creditor Trustee may in like manner resign and another may in like manner be appointed in his place.

(i) **Reporting Duties.** Forty-five (45) days after the end of each calendar quarter of the Creditor Trust and forty-five (45) days after termination of the Creditor Trust, the Creditor Trustee will file with the Bankruptcy Court an un-audited written report and account showing (i) the assets and liabilities of the Creditor Trust at the end of such quarter or upon termination, (ii) any changes in the assets or liabilities of the Creditor Trust that have not been previously reported, and (iii) any material action taken by the Creditor Trustee in the performance of its duties under the Creditor Trust and under the Plan that has not been previously reported.

(j) **Trust Implementation.** On or as soon as practical after the Effective Date, the Debtors shall execute any documents or other instruments as may be necessary to cause title to the Trust Property to be transferred to the Creditor Trust, however, notwithstanding the non-execution of such documents, title to the Trust Property will automatically vest in the Creditor Trust on the Effective Date.

(k) **Tax Treatment of the Creditor Trust.** The Creditor Trust to be established for the benefit of Holders of Allowed Claims is intended to qualify as a grantor trust for federal income tax purposes. All items of income, deduction, credit or loss of the Creditor Trust shall be allocated for federal, state and local income tax purposes among the Holders of Allowed Claims.

6.05. Preservation and Settlement of Causes of Action

(a) **Preservation of Causes of Action.** In accordance with Bankruptcy Code section 1123(b)(3), the Creditor Trust shall retain all of the Causes of Action, a nonexclusive description of which is set forth in the Disclosure Statement, and other similar claims, counterclaims, rights, defenses, setoffs, recoupments, and actions in law or equity arising under the Bankruptcy Code or applicable non-bankruptcy law. The Creditor Trustee and the Creditor Trust may enforce, sue on, settle or compromise (or decline to any of the foregoing) any of all of the Causes of Action and other similar claims, counterclaims, rights, defenses, setoffs, recoupments, and actions, and may prosecute and enforce all defenses, counterclaims, and rights that have been asserted or could be asserted by a Debtor against or with respect to all Claims asserted against such Debtor or property of such Debtor's Estate.

The Debtors have not conducted an investigation into the Causes of Action. Thus, in considering the Plan, each party in interest should understand that any and all Causes of Action that may exist against such Person may be pursued by the Creditor Trustee and/or the Creditor Trust, regardless of whether, or the manner in which, such Causes of Action are identified or described in the Disclosure Statement and/or the Schedules. The failure of the Debtors to describe or identify a claim, right, Cause of Action, suit or proceeding in the Disclosure Statement or the Schedules shall not constitute a waiver, forfeiture, or release by the Debtors,

their Estates or the Creditor Trust of such claim, right, Cause of Action, suit or proceeding. Such Causes of Action shall survive entry of the Confirmation Order for the benefit of the Debtors and their Estates, and upon the Effective Date, for the benefit of the Creditor Trust.

(b) **Settlement of Causes of Action.** At any time before the Effective Date, notwithstanding anything in the Plan to the contrary, the Debtors may settle any Cause of Action pursuant to Bankruptcy Rule 9019 with the approval of the Bankruptcy Court and upon notice as provided in the Bankruptcy Rules. From and after the Effective Date, the Creditor Trustee and/or the Creditor Trust, in accordance with the terms of the Plan and the Creditor Trust Agreement, will determine whether to bring, settle, release, compromise, enforce or abandon such rights (or decline to any of the foregoing) in accordance with the procedures and notice provisions set forth in Section 10.04 of the Plan.

6.06. Effectuating Documents; Further Transactions

On the Effective Date, the Creditor Trust, the Creditor Trustee, and the employees, agents, attorneys and professionals of the Creditor Trust shall be authorized and directed, without further Order of the Bankruptcy Court, to execute, deliver, file, and record all agreements, instruments and contracts, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions, and consummate, the Plan or to otherwise comply with applicable law.

6.07. Creditors Committee and Plan Committee

(a) **Termination of Creditors Committee.** The Creditors Committee will continue in existence until the Effective Date, to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code, and will perform such other duties as it may have been assigned by the Bankruptcy Court prior to the Effective Date. On the Effective Date, the Creditors Committee will be dissolved and its members will be deemed released by the Debtor and its Estate of all their duties, responsibilities and obligations in connection with the Bankruptcy Cases, and from all claims and causes of action relating to or arising directly or indirectly from services performed; provided that this provision does not release members of the Creditors Committee from any Avoidance Action that may be asserted against them. On the Effective Date, the retention or employment of the Creditors Committee's Professionals and other agents will terminate, except as is necessary to address Fee Applications filed by the Creditors Committee or its Professionals. Upon the dissolution of the Creditors Committee, no notice to the Creditors Committee that might otherwise be required pursuant to an order of the Bankruptcy Court shall be required.

(b) **Establishment of Plan Committee; Powers and Responsibilities.** On the Effective Date, the Plan Committee will be formed and constituted and will consist of three (3) members who shall be designated by the Creditors Committee. If a Plan Committee member sells, transfers or assigns any right to or interest in its Claim, said member shall resign from the Plan Committee. In the event of the resignation or death of any member of the Plan Committee, a majority of the remaining Plan Committee members shall have the right to designate a successor from among the Holders of General Unsecured Claims. Until a vacancy on the Plan Committee is filled, the Plan Committee will function in its reduced number. The Plan

Committee shall monitor the Creditor Trust and the Creditor Trustee in the performance of their obligations under the Plan, including the duties to object to Claims, prosecute Causes of Action, and distribute the funds required under the Plan. The Plan Committee shall adopt bylaws that shall provide for the governance, powers, and duties of the Plan Committee.

(c) **Conflicts of Interest.** A Plan Committee member will recuse itself from participating in any decision making by the Plan Committee on matters in which there is a conflict of interest, including without limitation, any decision whether to initiate, prosecute, or settle any Cause of Action against such Plan Committee member.

(d) **Compensation.** The members of the Plan Committee will serve without compensation for their performance of services as members of the Plan Committee, except that they will be entitled to reimbursement of reasonable expenses by Creditor Trust.

(e) **Retention of Professionals.** The Plan Committee will have the right to retain the services of attorneys, accountants and other agents that, in the discretion of the Plan Committee, are necessary to assist the Plan Committee in performance of its duties. The fees and expenses of such professionals will be paid by the Creditor Trust upon the monthly submission of bills to the Creditor Trust and the Plan Committee. The payment of the fees and expenses of the Plan Committee's retained professionals will be made in the ordinary course of business and will not be subject to the approval of the Bankruptcy Court. Each Plan Committee member shall be entitled to rely reasonably upon the advice of counsel concerning legal matters, upon the Plan, and upon any other document which it believes to be genuine or to have been presented by a proper person.

(f) **Limitation of Liability; Indemnification.** Neither the Plan Committee, nor any of its members, designees, or professionals, nor any duly designated agent or representative of the Plan Committee, or their respective employees, will be liable for the act or omission of any other member, designee, agent, or representative of the Plan Committee, nor will any member be liable for any act or omission taken or omitted to be taken in its capacity as a member of the Plan Committee, other than acts or omissions resulting from such member's fraud, willful misconduct or gross negligence. Neither the Plan Committee members nor any of their directors, officers, employees or agents shall (i) be responsible for any recitals, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of, the Plan, (ii) be under any duty to inquire into the performance by the Debtors of their obligations, or (iii) be liable for any action taken or omitted by the Debtors. The Creditor Trust shall indemnify and hold harmless the Plan Committee and its members, designees, and professionals, and any duly designated agent or representative thereof (in their capacity as such), from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, other than as a result of their fraud, willful misconduct or gross negligence, with respect to the Creditor Trust or the implementation or administration of the Plan.

(g) **Dissolution.** When the Creditor Trust has made all payments provided for in the Plan to the Holders of Allowed Claims, and all other obligations of the Plan Committee under the Plan and the Creditor Trust Agreement have been fulfilled, the duties, powers and

responsibilities of the Plan Committee shall terminate forthwith and the Plan Committee shall dissolve.

6.08. Plugging and Abandonment Obligations

From and after the Effective Date, the purchaser of the assets of the Gulf Coast Estate (pursuant to the auction and sale described in Section 6.01 of the Plan) shall assume, satisfy, and perform all plugging and abandonment liabilities and obligations with respect to such assets as may be required under, and in accordance with, applicable law. Alternatively, such liabilities and obligations shall be satisfied from the letter of credit obtained by Gulf Coast from Amegy Bank for such purposes.

6.09. Dissolution of the Debtors

At any time after the Effective Date, the Creditor Trustee, in his sole discretion after consultation with the Plan Committee, may cause all of the issued outstanding Interests in Tekoil and/or Gulf Coast to be canceled, and may cause Tekoil and/or Gulf Coast to be dissolved in accordance with applicable law.

ARTICLE VII
TREATMENT OF EXECUTORY CONTRACTS

7.01. General Treatment: Rejected.

The Plan constitutes and incorporates a motion by the Debtors to reject, as of the Effective Date, all Executory Contracts to which either Debtor is a party, except for any Executory Contracts that (a) has been assumed or rejected pursuant to Final Order of the Bankruptcy Court, or (b) is the subject of a separate motion to assume pursuant to section 365 of the Bankruptcy Code to be filed and served by the applicable Debtor no later than ten (10) Business Days before the Confirmation Hearing. The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365 of the Bankruptcy Code approving the rejection or assumption, as applicable, of such Executory Contracts as of the Effective Date.

7.02. Cure Claim Payments and Release of Liability

Except as otherwise provided in a Final Order of the Bankruptcy Court, pursuant to sections 365(a), (b), (c) and (f) of the Bankruptcy Code, all Cure Claims that may require payment under section 365(b)(1) of the Bankruptcy Code under any Executory Contract that is assumed pursuant to a Final Order of the Bankruptcy Court (which may be the Confirmation Order) shall be paid by the Creditor Trust within two (2) Business Days after (a) the amount of the Cure Claim is agreed to in writing by the Creditor Trustee and the other party to the Executory Contract or (b) entry of a Final Order establishing the amount of the Cure Claim. If a party to an assumed Executory Contract has not filed an appropriate pleading on or before the date of the Confirmation Hearing disputing the amount of any Cure Claim designated by the Debtor, the cure of any other defaults, the promptness of the Cure Claim payments, or the provisions of adequate assurance of future performance, then such party shall be deemed to have waived its right to dispute such matters. Any party to an assumed Executory Contract that receives full payment of a Cure Claim shall waive the right to receive any payment on a Class 6 General Unsecured Claim that relates to or arises out of such assumed Executory Contract.

7.03. Bar to Rejection Claims

If the rejection of an Executory Contract results in damages to the other party or parties to such Executory Contract, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtors and the Creditor Trust or their properties or agents, successors, or assigns, unless a proof of Claim is filed with the Bankruptcy Court and served upon the Creditor Trustee by the earlier of (a) thirty (30) days after the Effective Date or (b) such other deadline as the Bankruptcy Court may set for asserting a Claim for such damages.

7.04. Rejection Claims

Any Rejection Claim arising from the rejection of an Executory Contract shall be treated as a Class 6 General Unsecured Claim pursuant to the Plan, except as limited by the provisions of sections 502(b)(6) and 502(b)(7) of the Bankruptcy Code and mitigation requirements under applicable law. Nothing contained herein shall be deemed an admission by the Debtors, the Creditor Trust, the Creditor Trustee, or any other party in interest that the rejection of any Executory Contract shall give rise to or result in a Rejection Claim or shall be deemed a waiver by the Debtors, the Creditor Trust, the Creditor Trustee, or any other party in interest of any objections to such Rejection Claim if asserted.

7.05. Compensation, Benefit, and Indemnification Programs

All employee compensation, and benefit, and indemnification programs or obligations of the Debtors, if any, that the Debtors entered into before the Petition Date and not previously terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are rejected and terminated under the Plan as of the Effective Date.

ARTICLE VIII

CONDITIONS TO CONFIRMATION DATE AND EFFECTIVE DATE

8.01. Conditions Precedent to Confirmation Date

The occurrence of the Confirmation Date is subject to satisfaction or waiver of each of the following conditions:

- (a) The Bankruptcy Court shall have approved the Disclosure Statement by a Final Order in form and substance acceptable to the Debtors in their sole and absolute discretion;
- (b) The Confirmation Order shall be in form and substance acceptable to the Debtors in their sole and absolute discretion; and
- (c) All provisions, terms and conditions of the Plan shall be approved in the Confirmation Order.

8.02. Conditions Precedent to the Effective Date

The occurrence of the Effective Date of the Plan is subject to the occurrence or waiver of the following conditions precedent:

(a) The 10-day period under Bankruptcy Rule 8002(a) for filing a notice of appeal of the Confirmation Order shall have expired (whether or not any such notice of appeal is actually filed) and no stay or injunction of the Confirmation Order shall then be in effect; and

(b) All documents effectuating the Plan and the transactions thereunder shall be in form and substance reasonably acceptable to the Debtors and shall have been executed and delivered by the parties thereto, and all conditions to the effectiveness of such documents shall have been satisfied or waived as provided therein.

8.03. Waiver of Conditions

The foregoing conditions set forth in Sections 8.02 and 8.03 of the Plan may be waived in whole or in part by the Debtors, jointly, without notice to any other parties in interest or the Bankruptcy Court, and without any hearing or order of the Bankruptcy Court. The Effective Date may occur before the expiration of time to take an appeal or to seek reconsideration of the Confirmation Order without the giving of any notice to any objecting party, if the Debtors so elect in writing. In the event of any such appeal, the Debtors may seek the dismissal of such appeal on any grounds. The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time. The Debtors will file with the Bankruptcy Court, and serve a copy on all parties in interest, a notice of the Effective Date within two (2) Business Days after its occurrence.

8.04. Consequences of Non-Occurrence of Effective Date

If the Effective Date does not timely occur, the Debtors reserve all rights to seek an order from the Bankruptcy Court directing that the Confirmation Order be vacated, that the Plan be null and void in all respects, and/or that any settlement of Claims provided for in the Plan be null and void. If the Bankruptcy Court enters an order vacating the Confirmation Order, the time within which the Debtors may assume and assign, or reject, Executory Contracts not previously assumed, assumed and assigned, or rejected shall be extended for a period of thirty (30) days after the date the Confirmation Order is vacated, without prejudice to further extensions.

ARTICLE IX

EFFECT OF PLAN CONFIRMATION AND EFFECTIVE DATE

9.01. Binding Effect

From and after the Effective Date, the Plan shall be binding upon and inure to the benefit of the Debtors, all present and future Holders of Claims and Interests, and their respective successors and assigns, including but not limited to the Creditor Trust and the Creditor Trustee, and all other parties in interest in the Bankruptcy Case. Confirmation of the Plan binds each Holder of a Claim or Interest to the terms and conditions of the Plan, whether or not such Holder has accepted the Plan.

9.02. Vesting of Assets

Except as otherwise provided in this Plan, the property and assets of each Debtor's Estate shall vest in the Creditor Trust on the Effective Date free and clear of all Claims and Interests,

but subject to the obligations of the Debtors and the Creditor Trust as set forth in this Plan and the Confirmation Order. Commencing on the Effective Date, the Creditor Trust may deal with the Trust Property without any supervision by, or permission from, the Bankruptcy Court or the Office of the United States Trustee, and free of any restriction imposed by the Bankruptcy Code or by the Bankruptcy Court during the Bankruptcy Cases.

9.03. Discharge of Debtors

Except as provided in the Bankruptcy Code, the Plan or the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims against and Interests in the Debtors of any nature whatsoever, whether known or unknown, or against the assets or properties of the Debtors that arose before the Effective Date. Except as provided in the Bankruptcy Code, the Plan or the Confirmation Order, upon the Effective Date, entry of the Confirmation Order acts as a discharge and release under Bankruptcy Code section 1141(d)(1)(A) of all Claims against and Interests in the Debtors and the Debtors' assets and properties, arising at any time before the Effective Date, regardless of whether a proof of Claim or Interest was filed, whether the Claim or Interest is Allowed, or whether the Holder of the Claim or Interest votes to accept the Plan or is entitled to receive a Distribution under the Plan. Except as provided in the Plan or the Confirmation Order, upon the Effective Date, any Holder of a discharged Claim or Interest will be precluded from asserting against the Debtors, the Creditor Trust or any of their assets or properties any other or further Claim or Interest based on any document, instrument, act, omission, event, transaction or other activity of any kind or nature that occurred before the Effective Date. Except as provided in the Plan and the Confirmation Order, and subject to the occurrence of the Effective Date, the Confirmation Order will be a judicial determination of discharge of all liabilities of the Debtors to the extent allowed under Bankruptcy Code section 1141, and the Debtors and the Creditor Trust will not be liable for any Claims or Interests and will only have the obligations as are specifically provided for in the Plan.

9.04. Injunction

Except as otherwise provided in the Plan, the Confirmation Order shall provide, among other things, that from and after the Effective Date, all Holders of Claims against and Interests in the Debtors are permanently enjoined from taking any of the following actions against the Debtors, the Creditor Trust, the Creditor Trustee, and the Plan Committee, or any of their property on account of any such Claim or Interest: (a) commencing or continuing in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any encumbrance or Lien; (d) asserting a setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors; and (e) commencing or continuing, in any manner or in any place, any action that does not conform to or comply with, or is inconsistent with, the provisions of the Plan; provided, however, that nothing contained herein shall preclude such Persons from exercising their rights pursuant to and consistent with the terms of the Plan or the Confirmation Order. If allowed by the Bankruptcy Court, any Person injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

9.05. Exculpation.

The Debtors, the Debtors' Professionals, the members of the Creditors Committee (solely in their capacity as such and not in their individual capacity), and the Creditors Committee's Professionals, and any of such parties' respective present or former members, officers, directors, employees, advisors, representatives, successors, and assigns, shall not have or incur any liability or obligation, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, and whether asserted or assertable directly or derivatively, in law, equity, or otherwise, to any Holder of a Claim or Interest or any other Person for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Debtors, the Estates, the administration of the Bankruptcy Cases, the operation of the Debtors' business during the Bankruptcy Cases, the formulation, negotiation, preparation, filing, dissemination, approval, or confirmation of the Plan, the Disclosure Statement, the solicitation of votes for or confirmation of the Plan, the consummation or administration of the Plan, or the property to be liquidated and or distributed under the Plan, except for their willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction. The foregoing parties will be entitled to rely reasonably upon the advice of counsel in all respects regarding their duties and responsibilities under the Plan.

9.06. Term of Bankruptcy Injunction or Stays

Unless otherwise provided herein or an order of the Bankruptcy Court (including without limitation the Confirmation Order), all injunctions or stays provided in the Bankruptcy Cases under Bankruptcy Code section 105 or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, the injunction provided in Section 9.04 of the Plan shall apply.

9.07. Effectuating Documents; Further Transactions; Timing

The Debtors and the Creditor Trustee are authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. All transactions that are required to occur on the Effective Date under the terms of the Plan shall be deemed to have occurred simultaneously, unless otherwise provided in the Plan.

ARTICLE X **CLAM OBJECTIONS AND DISTRIBUTIONS**

10.01. Objections to Claims and Interests

Any party in interest may make and file objections to Claims and Interests (other than Claims that have been previously Allowed or that are Allowed under the Plan). The Debtors (or their designees, successors and assigns) are not obligated to object to any Claim or Interest, but will nevertheless have standing to object to any such Claim or Interest from and after the Effective Date, if they so elect in their absolute discretion. Nothing in this Section is intended to limit the right of any party to object to Claims or Interests.

10.02. Objection Deadline

Except as set forth in Sections 2.01(a) and 2.01(b) of the Plan or as otherwise extended or ordered by the Bankruptcy Court, any objections to Claims and Interests must be filed no later than one hundred twenty (120) days after the Effective Date (unless such day is not a Business Day, in which case such deadline will be the next Business Day thereafter) unless extended by an order of the Bankruptcy Court. An objection to a Claim or Interest will be deemed properly served on the Holder thereof if service is effected by any of the following methods: (a) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (b) to the extent counsel for a Holder is unknown, by first class mail, postage prepaid, on the signatory on the proof of Claim or Interest or other representative identified on the proof of Claim or Interest or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the behalf of the Holder in the Bankruptcy Case.

10.03. Alternative Treatment

Notwithstanding any provision herein to the contrary, any Holder of an Allowed Claim may receive, instead of the Distribution or treatment to which it is entitled hereunder, any other Distribution or treatment to which it and the Debtor or the Creditor Trust may agree in writing, so long as such alternative treatment is substantially the same as or less favorable than the treatment otherwise prescribed for such Holder by the Plan.

10.04. Claims Resolution and Compromise

From and after the Effective Date, the Creditor Trustee is authorized to approve compromises of all Claims, Contested Claims, and Liens pursuant to Bankruptcy Rule 9019(b) and to execute necessary documents, including Lien releases (subject to the written consent of the party having such Lien) and stipulations of settlement, compromise or release, without further order of the Bankruptcy Court, but subject to the following notice provisions. The Creditor Trustee shall give notice of any settlement and compromise of any Claim, Contested Claim, or Lien in excess of \$10,000 to the Plan Committee. If a dispute with respect to such settlement and compromise cannot be resolved within fourteen (14) days of the receipt of such notice, any party in interest shall have the right to file an objection and request a hearing before the Bankruptcy Court.

10.05. No Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Contested Claim for the period from the Petition Date to the date a Distribution is made when and if such Contested Claim becomes an Allowed Claim.

10.06. Setoffs and No Waiver

(a) **By a Debtor or the Creditor Trustee.** The Debtors and the Creditor Trustee may, pursuant to Bankruptcy Code sections 553 or 558 or any other applicable law, but shall not be required to, set off against any Claim or any payment or Distribution to be made pursuant to the Plan in respect of such Claim, Claims or Causes of Action of any nature whatsoever that the Debtors or the Creditor Trustee may have against the Holder of such Claim. Neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, the Creditor Trust or the Creditor Trustee of any such Claims or Causes of Action that the Debtors or the Creditor Trust may have against such Holder.

(b) **By Non-Debtors.** Any Holder of a Claim may assert any setoff rights against a Claim or Cause of Action by a Debtor or the Creditor Trustee against such Holder, subject to any defenses of the Debtors, the Creditor Trust or the Creditor Trustee, until the earlier of the time when (a) such Holder's Claim becomes Allowed, in whole or in part, or (b) the Claim is disallowed by a Final Order of the Bankruptcy Court, or such Holder will be deemed to have waived and forever be barred from asserting any right to setoff against a Claim or Cause of Action by a Debtor, the Creditor Trust or the Creditor Trustee notwithstanding any statement to the contrary in a Proof of Claim or any other pleading or document filed with the Bankruptcy Court or delivered to a Debtor or the Creditor Trustee.

10.07. Procedures for Treating and Resolving Contested and Contingent Claims

(a) **No Distributions Pending Allowance.** Notwithstanding any other provision of the Plan, the Creditor Trustee shall make Distributions only to Holders of Allowed Claims. No Holder of a Contested Claim will receive any Distribution on account thereof until and to the extent that its Contested Claim becomes an Allowed Claim. To the extent a Claim is not a Contested Claim but is held by a Holder that is or may be liable to the Debtors, the Creditor Trust, and/or the Creditor Trustee on account of a Cause of Action, no payments or Distributions shall be made with respect to all or any portion of such Claim unless and until such Cause of Action has been settled, withdrawn, or determined by a Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter.

In determining the amount of a Pro Rata Distribution due to the Holders of Allowed Claims, the Creditor Trustee may, in his sole discretion, make the Pro Rata calculation as if all Contested Claims were Allowed Claims in the full amount claimed or in the amount estimated under Section 10.07(b) hereof. The Creditor Trustee, in his sole discretion, may withhold Distributions otherwise due hereunder to the Holder of a Contested Claim until the Objection Deadline, to enable the Creditor Trustee to file a timely objection thereto.

(b) **Claim Estimation.** The Creditor Trustee may, at any time, request that the Bankruptcy Court estimate any contingent, unliquidated, or Contested Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether that Claim was previously objected to or whether the Bankruptcy Court has ruled on any such objection; *provided, however*, that the Bankruptcy Court will determine (i) whether such Contested Claims are subject to estimation pursuant to section 502(c) of the Bankruptcy Code and (ii) the timing and procedures for such

estimation proceedings, if any. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any contingent, unliquidated, or Contested Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Creditor Trustee may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

(c) **Distributions After Allowance of Contested Claim.** Distributions to each Holder of a Contested Claim, to the extent it becomes an Allowed Claim, will be made in accordance with the provisions of the Plan that govern Distributions to such Holders of Claims in the applicable Class. Unless otherwise provided in the Plan, as promptly as practicable after the date on which a Contested Claim becomes an Allowed Claim, and in any event not later than ten (10) Business Days after the Contested Claim becomes an Allowed Claim, the Creditor Trustee will distribute to the Claimant any Distribution that would have been made to such Claimant had its Claim been an Allowed Claim on the date that Distributions were previously made to Holders of Allowed Claims in the applicable Class, without interest (except as otherwise provided by the Plan) and net of any setoff and/or any required withholding of applicable taxes.

(d) **Allowance of Claims Subject to 11 U.S.C. § 502(d).** Allowance of Claims will be subject in all respects to the provisions of section 502(d) of the Bankruptcy Code, except as provided by a Final Order of the Bankruptcy Court or a settlement among the relevant parties.

10.08. Distributions Under the Plan

(a) **Creditor Trustee as Disbursing Agent.** The Creditor Trustee shall make all Distributions required under the Plan, subject to the terms of the Plan and the Creditor Trust Agreement. The Creditor Trustee shall not be required to give any bond or surety or other security for performance of its duties unless otherwise ordered by the Bankruptcy Court. The Creditor Trustee shall be authorized to rely on the Debtors' books and records and the Debtors' representatives and professionals in determining Allowed Claims entitled to Distributions under the Plan in accordance with the terms of the Plan.

(b) **Distributions to be Pro Rata Within a Class.** Except as otherwise provided in the Plan, all Distributions constituting a partial payment to Holders of Allowed Claims within a specific Class shall be made on a Pro Rata basis to the Holders of Allowed Claims in such Class.

(c) **Means of Cash Payment.** Cash payments made pursuant to the Plan will be in U.S. dollars and shall be made, at the option of and in the sole discretion of the Creditor Trustee, by checks drawn on or wire transfers from a domestic bank selected by the Creditor Trustee. In the case of foreign creditors, Cash payments may be made, at the option of and in the

sole discretion of the Creditor Trustee, in such funds and by such means as are necessary or customary in a particular jurisdiction.

(d) **Delivery of Distributions.** Distributions shall be made from Cash available to the Creditor Trustee in accordance with the terms of this Plan. All Distributions to any Holder of an Allowed Claim shall be made at the address of such Holder set forth on the proof of Claim filed by such Holder (or at the last known addresses of such a Holder if no proof of Claim is filed or if the Creditor Trustee has been notified in writing of a change of address). If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless and until the Creditor Trustee is notified in writing of such Holder's then current address, at which time all missed Distributions shall be made to such Holder without interest. Any Holder of an Allowed Claim whose Distribution is undeliverable must make demand for such Distribution to the Creditor Trustee in writing on or before 120 days after the date such undeliverable Distribution was initially made, after which the Distribution shall be deposited into a pool for redistribution to other Holders of Allowed Claims in the same Class as the intended recipient of the undeliverable Distribution, and any claim by such intended recipient with respect to such undeliverable Distribution shall be discharged and forever barred. **The Debtors, the Creditor Trustee, the Creditor Trust and their agents and professionals are under no duty to take any action to either attempt to locate any Holder of a Claim, or obtain an executed Internal Revenue Service Form W-9 from any Holder of a Claim.**

(e) **Fractional Dollars; De Minimis Distributions.** Notwithstanding any other provision of the Plan, payments of fractions of dollars will not be made. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment made will reflect a rounding of the fraction to the nearest whole dollar (up or down), with half dollars being rounded down. The Creditor Trustee will not make any payment of less than twenty-five dollars (\$25.00) with respect to any Allowed Claim, and the Creditor Trust shall retain any such payment.

(f) **Unclaimed Property.** Any Distributions that become Unclaimed Property shall be retained by the Creditor Trust free and clear of any claims or restrictions thereon, and any entitlement of any Holder of any Claim or Interest to such Distributions shall be extinguished and forever barred. Unclaimed Property shall be deposited into a pool for redistribution to other Holders of Allowed Claims in the same Class as the intended recipient of the Unclaimed Property.

(g) **Allocation of Payments.** Amounts paid under this Plan to Holders of Allowed Claims in satisfaction thereof shall be allocated first to the principal amounts of such Claims, with any excess allocated to interest that has accrued on such Claims but remains unpaid.

(h) **Withholding and Reporting Requirements.** In accordance with Bankruptcy Code section 346 and in connection with the Plan and all Distributions thereunder, the Creditor Trustee shall, to the extent applicable, comply with all withholding and reporting requirements imposed by any U.S. federal, state or local taxing authority or any non-U.S. taxing authority. The Creditor Trustee shall be authorized to take any and all actions necessary and appropriate to comply with such requirements. All Distributions under the Plan may be subject to withholding and reporting requirements. As a condition for making any Distribution under the

Plan, the Creditor Trustee may require the Holder of an Allowed Claim to provide such Holder's taxpayer identification number and such other information, certification, or forms necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of the Plan, each Person receiving a Distribution under the Plan shall have sole and exclusive responsibility for the satisfaction and payment of tax obligations on account of any such Distribution.

10.09. Duty to Disgorge Overpayments

To the extent the Holder of any Allowed Claim receives more than what such Holder is permitted to receive under the Plan, such Holder shall immediately return such excess payment(s) to the Creditor Trust, failing which, the Creditor Trustee may sue such Holder for the return of the overpayment in the Bankruptcy Court or any other court of competent jurisdiction.

ARTICLE XI **VOTING AND EFFECT OF REJECTION BY** **ONE OR MORE CLASSES OF CLAIMS**

11.01. Impaired Classes to Vote

Each impaired Class entitled to vote to accept or reject the Plan will vote separately. A Holder of a Claim as to which an objection has been filed and that has not been temporarily allowed for purposes of voting on the Plan may not vote. A Holder of a contingent or unliquidated Claim may vote on the Plan in an amount based on the portion, if any, of the Claim shown as non-contingent, liquidated and undisputed in the Schedules, or equal to \$1.00 if not so shown.

11.02. Acceptance by Classes

A Class of Claims that is entitled to vote to accept or reject the Plan shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. Any Ballot that is not properly completed and timely received by the Voting Deadline will not be counted.

11.03. Section 1129(b) Cramdown

If any impaired class of Claims fails to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, the Debtors reserve the right to request the Bankruptcy Court to confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code. The Debtors assert that the Plan provides for fair and equitable treatment of all Classes of Claims and Interests. The Debtors reserve the right to amend the Plan as may be necessary to obtain confirmation of the Plan under section 1129(b) of the Bankruptcy Code.

ARTICLE XII **RETENTION OF JURISDICTION**

12.01. Jurisdiction

Until the Bankruptcy Cases are closed, the Bankruptcy Court will retain the jurisdiction as is legally permissible under applicable law, including under sections 105(a) and 1142 of the

Bankruptcy Code, including that which is necessary to ensure that the purpose and intent of the Plan are carried out and to hear and determine all objections thereto that could have been brought before the entry of the Confirmation Order. The Bankruptcy Court will retain jurisdiction to hear and determine all Claims against and Interests in the Debtors and to enforce all Causes of Action over which the Bankruptcy Court otherwise has jurisdiction. Nothing contained in the Plan will prevent the Debtors, the Creditor Trust or the Creditor Trustee from taking any action as may be necessary to enforce any Cause of Action that may exist on behalf of the Debtors and that may not have been enforced or prosecuted by the Debtors.

12.02. Examination of Claims

Following the Confirmation Date, the Bankruptcy Court will retain jurisdiction to decide disputes concerning the classification and allowance of any Claim or Interest and the reexamination of Claims that have been allowed for the purposes of voting, and the determination of any objections as may be filed to Claims and Interests. The failure by the Debtors or the Creditor Trustee to object to or examine any Claim or Interest for the purposes of voting will not be deemed a waiver of their right to object to or re-examine any Claim or Interest in whole or in part.

12.03. Determination of Disputes

The Bankruptcy Court will retain jurisdiction after the Confirmation Date to determine (a) all questions and disputes regarding title to the assets of the Estate, (b) disputes concerning the allowance of Claims and Interests, and (c) all Causes of Action, controversies, disputes, or conflicts, whether or not subject to any pending action, as of the Confirmation Date, for the Debtors, the Creditor Trust or the Creditor Trustee to recover assets pursuant to the provisions of the Bankruptcy Code.

12.04. Additional Purposes

Under Bankruptcy Code sections 105(a) and 1142, and notwithstanding entry of the Confirmation Order, occurrence of the Effective Date and/or substantial consummation of the Plan, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of or related to the Bankruptcy Cases and the Plan to the fullest extent permitted by applicable law, including but not limited to jurisdiction to:

(a) hear and determine any modification of the Plan or the Plan Documents pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission or reconcile any inconsistency in the Plan, the Plan Documents, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary or appropriate to carry out the purposes and effects thereof;

(b) hear and determine disputes, issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to execute, interpret, implement, consummate, or enforce the terms and conditions of the Plan and the Plan Documents and the transactions contemplated thereunder, the Confirmation Order, the Disclosure Statement, or any other order of the Bankruptcy Court, or to maintain the integrity of the Plan following confirmation;

(c) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of or related to the Bankruptcy Cases, the Plan, or the Creditor Trust Agreement;

(d) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered or approved in the Bankruptcy Cases;

(e) hear and determine all disputes involving the existence, nature, or scope of the discharge, injunctions, releases, exculpations, and indemnifications granted pursuant to the Plan or the Confirmation Order;

(f) hear and determine disputes arising in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan, the Confirmation Order, any transactions, performance or payments contemplated hereby, or any agreement, instrument or other document governing or relating to any of the foregoing;

(g) construe and apply any findings of fact and/or conclusions of law made in or in connection with the Confirmation Order;

(h) adjudicate matters arising in the Bankruptcy Cases, including matters relating to the formulation and consummation of the Plan;

(i) enter any orders, including injunctions, as are necessary to enforce title, rights, and powers of the Debtors, the Creditor Trustee or the Creditor Trust and to impose any limitations, restrictions, terms and conditions on such title, rights, and powers as the Bankruptcy Court may deem necessary;

(j) hear and determine all questions and disputes regarding title to or recovery of the assets and property of the Debtors, the Estates and/or the Creditor Trust;

(k) enter a Final Decree closing the Bankruptcy Cases;

(l) correct any defect, cure any omission, or reconcile any inconsistency in the Plan, the Plan Documents, or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan, the Plan Documents, and the Confirmation Order including the adjustment of the date(s) of performance under the Plan, the Plan Documents, and any other documents related thereto if the Effective Date does not occur as provided herein, so that the intended effect of the Plan, the Plan Documents, and such other documents may be substantially realized thereby;

(m) enter, implement or enforce such orders as may be appropriate if the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(n) hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under Bankruptcy Code sections 330, 331, 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code; provided, however, that from and after the Effective Date, the payment of fees and expenses of professionals retained by the Debtors, the

Creditor Trust, the Creditor Trustee or the Plan Committee shall be made in the ordinary course of business and shall not be subject to approval of the Bankruptcy Court;

(o) hear and determine disputes regarding compensation of the Creditor Trustee and any professionals retained by the Creditor Trustee or the Plan Committee;

(p) hear and determine all matters related to the activities of the Creditor Trust, the Creditor Trustee, and the Plan Committee, including but not limited to (i) challenges to or approvals of their activities, (b) resignation, incapacity, or removal of the Creditor Trustee, any Plan Committee member, or their successors, (iii) reporting and accounting by the Creditor Trustee, and (iv) release of the Creditor Trustee or any Plan Committee member from their duties;

(q) hear and determine issues concerning federal tax reporting and withholding that arise in connection with the confirmation or consummation of the Plan;

(r) hear and determine issues concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(s) hear and determine all matters regarding the assumption or rejection of Executory Contracts, including any disputes concerning Rejection Claims or Cure Claims;

(t) hear and determine any and all objections to any Claims (including Administrative Claims) or Interests, including the allowance, classification, priority, secured status, compromise, estimation, or payment thereof;

(u) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest of any Creditor or Holder and to re-examine Claims that have been allowed for purposes of voting, and to determine objections that may be filed to Claims or Interests, including the resolution of any request for any Administrative Claim;

(v) hear and determine the Causes of Action and any collection or settlement matters related thereto;

(w) hear and determine any disputes or litigation regarding the validity, priority, or extent of any Lien and any Claim associated therewith; and

(x) hear and to determine any other matter related hereto and not inconsistent with the Plan, the Confirmation Order, the Bankruptcy Code, or Title 28 of the United States Code.

12.05. Failure of the Bankruptcy Court to Exercise Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Bankruptcy Case, including the matters set forth in Article XII of this Plan, the provisions of this

Article XII shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

13.01. General Notices

Any notice, request, or demand required or permitted to be given in connection with the Plan shall be (a) in writing, (b) served to the parties and addresses set forth below by certified mail, return receipt requested, hand delivery, overnight delivery, first class mail, or fax transmission, and (c) deemed to have been given or made when actually delivered or received:

-to the Debtors:

[Address]

-to the Debtors' counsel:

Patrick J. Neligan, Jr., Esq.
Neligan Foley LLP
325 N. St. Paul, Suite 3600
Dallas, TX 75201
(214) 850-5301 (Fax)

-to the Creditor Trustee:

[Name and Address]

-to the Plan Committee:

[Names and Addresses]

13.02. Asserting and Curing Default Under the Plan

Except as otherwise provided in the Plan, if the Debtors or the Creditor Trust defaults under the provisions of the Plan (other than a default under the documentation executed in implementing the terms of the Plan, which documents may provide independent bases for relief concerning the assertion and cure of defaults), any Creditor or party in interest desiring to assert a default shall provide the Debtors or the Creditor Trustee, as applicable, and their counsel with written notice of the alleged default. The Debtors and the Creditor Trustee will have thirty (30) days from receipt of written notice to cure the alleged default. If the default is not cured, any Creditor or party in interest may then file with the Bankruptcy Court, and if filed shall serve on the Creditor Trustee, the Debtors and their counsel a motion to compel compliance with the applicable provision of the Plan. The Bankruptcy Court, on finding a material default, will issue orders compelling compliance with the pertinent provisions of the Plan.

13.03. Compliance with Tax Requirements

In connection with the Plan, the Creditor Trust will comply with any withholding and reporting requirements imposed by federal, state, and local taxing authorities, and Distributions will be subject to the withholding and reporting requirements, if any.

13.04. Revocation or Withdrawal of the Plan

The Debtors reserve the right to revoke and/or withdraw the Plan at any time before the Confirmation Date. If the Debtors revoke or withdraw this Plan, or if confirmation or the Effective Date of the Plan does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any other Person in any further proceedings involving the Debtors or any other Person.

13.05. Modification of the Plan

The Debtors reserve the right to modify the Plan in writing at any time before the Confirmation Date, provided that (a) the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and (b) the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Debtors further reserve the right to modify the Plan in writing at any time after the Confirmation Date and before substantial consummation of the Plan, provided that (a) the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, (b) the Debtors shall have complied with section 1125 of the Bankruptcy Code, and (c) the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code. A Holder of a Claim or Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified unless, within the time fixed by the Bankruptcy Court, such Holder changes its previous acceptance or rejection.

13.06. Due Authorization

Each and every Holder of an Allowed Claim who receives a Distribution under the Plan warrants that it is authorized to accept, in consideration of such Claim, the Distributions provided for in the Plan and that there are no outstanding commitments, agreements, or understandings, express or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by it under the Plan.

13.07. Implementation

The Debtors, the Creditor Trust, and the Creditor Trustee will be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of the Plan.

13.08. Ratification

The Confirmation Order will ratify all transactions effected by the Debtors during the pendency of the Bankruptcy Case.

13.09. Integration Clause

This Plan is a complete, whole, and integrated statement of the binding agreement between the Debtors, their creditors, and other parties-in-interest upon the matters herein. Parol evidence shall not be admissible in an action regarding the Plan or any of its provisions.

13.10. Interpretation

Unless otherwise specified, all section, article and exhibit references in the Plan are to the respective section in, article of or exhibit to the Plan, as the same may be amended, waived, or modified from time to time. The headings of the articles, paragraphs and sections of the Plan and table of contents in the Plan are inserted for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan or its interpretation. Nothing herein shall be deemed as a judicial admission by the Debtors. Likewise, any defined terms in the Plan not defined shall have the same meaning as that term has under the Bankruptcy Code.

13.11. Severability of Plan Provisions

If any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable before the Confirmation Date, the Bankruptcy Court, at the request of the Debtors or the Creditor Trustee, will have the power to alter and interpret the term or provisions to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provisions held to be invalid, void, or unenforceable, and the term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by the holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

13.12. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules), the laws of (a) the State of Texas shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed or amended in connection with the Plan and (b) the state in which the Debtor was formed shall govern corporate governance matters with respect to such Debtor, in either case without giving effect to the principles of conflicts of law thereto.

13.13. Exemption From Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of securities or other property under the Plan; the creation, transfer, filing, or recording of any

mortgage, deed of trust, financing statement, or other security interest; or the making, delivery, filing, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, shall not be subject to any stamp tax, real estate tax, conveyance, filing, or transfer fees, mortgage, recording, or other similar tax or other governmental assessment. The Confirmation Order shall direct all appropriate governmental officials or agents to forgo the collection of any such tax or assessment and to accept such documents delivered under the Plan without the imposition or payment of any charge, fee, governmental assessment, or tax.

DATED: February 12, 2009

TEKOIL & GAS CORPORATION

TEKOIL AND GAS GULF COAST, LLC

By: /s/ Mark Western
Mark Western, CEO

By: /s/ Brad Walker
Brad Walker, CRO

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