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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
WICHITA FALLS DIVISION

In re:	)	
	)	
WYLDFIRE ENERGY INC.	)	Case No. BK. NO. 12-70239-HDH-11
	)	
Debtor.	)	Chapter 11 Case

FIRST AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE WITH RESPECT TO THE PLAN OF REORGANIZATION OF WYLDFIRE ENERGY INC., A WYOMING CORPORATION

Dated: December 10, 2012

WYLDFIRE ENERGY INC., ("Debtor"), a Wyoming Corporation registered and doing business in Texas, the Debtor herein, hereby submits the following Disclosure Statement pursuant to subsection 1125 of the United States Bankruptcy Code with Respect to the Plan of Reorganization of Wyldfire Energy Inc. (the "Disclosure Statement"). This Disclosure Statement is to be used in connection with the solicitation of votes on the Plan of Reorganization of Wyldfire Energy, Inc., dated December 10, 2012 (the "Plan"). A copy of the Plan is attached hereto as **Exhibit "A"**.

Unless otherwise defined herein, terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan).

For a general summary of the proposed treatment of Claims or interests under the Plan, please see the Plan provisions.

I. NOTICE TO HOLDERS OF CLAIMS

A. Generally

The purpose of this Disclosure Statement is to enable Creditors whose Claims are impaired to make an informed decision in exercising their right to vote to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

On December 10, 2012, the Bankruptcy Court entered an order pursuant to section 1125 of the Bankruptcy Code (the "Disclosure Statement Order") approving this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor, typical of the solicited holders of Claims against and interests in the Debtor, to make an informed judgment with respect to the acceptance or rejection of the Plan. A copy of the Disclosure Statement Order is included in the materials accompanying this Disclosure Statement. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT REGARDING THE FAIRNESS OR MERITS OF THE PLAN.**

The statements contained in the Disclosure Statement are made as of the date hereof unless another time is specified, and neither delivery of the Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date the Disclosure Statement and the materials relied on in preparation of the Disclosure Statement were compiled.

For the convenience of Creditors and parties in interest, this Disclosure Statement summarizes the terms of the Plan, but the Plan itself qualifies all summaries. This Disclosure Statement is qualified in its entirety by the terms of the Plan. If any inconsistency exists between the Plan and the Disclosure Statement, the terms of the Plan are controlling. Each Claimant should consult the Claimant's individual attorney, accountant and/or financial advisor as to the effect of the Plan on such Claimant.

Each holder of a Claim or interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code.

Except for the Debtor and its professionals, no person has been authorized to use or promulgate any information concerning the Debtor, its business, or the Plan, other than the information contained herein, in connection with the solicitation of votes to accept or reject the Plan. No holder of a Claim entitled to vote on the Plan should rely upon any information relating to the Debtor, its business, or the Plan other than that contained in this Disclosure Statement and the exhibits hereto. Unless otherwise indicated, the source of all information set forth herein is the Debtor.

The Disclosure Statement may not be relied on for any purpose other than to determine whether to vote in favor of or against the Plan and related options and elections, and nothing contained herein shall constitute an offer to sell or purchase a security as defined by state or Federal securities law or an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtor or any other party, or be deemed conclusive evidence of the tax or other legal effects of the reorganization of the Debtor on holders of Claims or interests. Certain of the information contained in the Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be wrong, and contains forecasts which may prove to be wrong or which may be materially different from actual results. After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and returning the same to the address set forth on the Ballot, in the enclosed return envelope so that it will be received by no later than 4:30 P.M., CENTRAL TIME, ON JANUARY 7, 2013. If you do not vote to accept

the Plan, or if you are the holder of an unimpaired Claim or interest, you may be bound by the Plan if it is accepted by the requisite holders of Claims or interests. See "Confirmation of the Plan – Solicitation of Votes; Vote Required for Class Acceptance" beginning on page 36 and "Cramdown" beginning on page 40 of this Disclosure Statement.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN 4:30 P.M., CENTRAL TIME, ON JANUARY 7, 2013. For detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures, see "Confirmation of the Plan – Solicitation of Votes; Voting Procedures – Parties In Interest Entitled to Vote" beginning on page 35 of this Disclosure Statement.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan (the "Confirmation Hearing"), on January 16, 2013 at 9:00 a.m., Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Wichita Falls Division. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before 4:30 p.m., Central Time, January 6, 2013, in the manner described under the caption, "Confirmation of the Plan – Confirmation Hearing" beginning on page 37 of this Disclosure Statement.

THE DEBTOR SUPPORTS CONFIRMATION OF THE PLAN AND URGES ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS TO VOTE TO ACCEPT THE PLAN.

B. Summary of Treatment under the Plan

The following is an estimate of the numbers and amounts of unclassified and classified Claims and interests to receive treatment under the Plan, and a summary of the proposed treatment of such Claims and interests under the Plan. Reference should be made to the entire Disclosure Statement and to the Plan for a complete description of the classification and treatment of Claims and interests. The Bar Date for filing proofs of Claim (other than governmental and taxing claims) was November 1, 2012. The table below is drawn from the Debtor's Schedules and filed proofs of Claim. The final universe of Claims, as actually Allowed, may differ from this table.

Unclassified- Administrative Claims

Administrative claims include expenses of administration such as attorneys fees for the Debtor, Trustee fees and other claims allowed by the Court as administrative claims. The Debtor has paid all Trustee fees currently due. Approximately $2,500.00 as an additional Trustee claim is likely before closure of this case. The attorneys fees for the Debtor, if and when allowed, should not exceed $250,000.00, of which $31,000.00 has already been paid. The Debtor estimates that expenses for expert witnesses and other fees should not exceed $150,000.00.

Classified Claims

Class 1 – Secured Claims
Estimated Amount: $ 0.00
Estimated Number of Holders: 0
Impaired

TREATMENT

As of the time the Plan and this Disclosure Statement there were no holders of Allowed Secured Claims. However, the Debtor may incur such debt prior to confirmation (with Court approval first having been obtained) and, if so, such debt shall be included in this Class under the "material modification" provisions of the Plan and shall be paid and treated as follows:

(a) The Allowed Secured Claim shall be assumed by the Debtor and paid on such terms as may be agreed to between the Secured Creditor and the Debtor. Any such Creditor shall retain its Lien against its Collateral as permitted by the Bankruptcy Court as part of the loan approval process. If no agreement is reached between the Debtor and the Secured Creditor the Allowed Claim shall be treated pursuant to subsection (b) below.

(b) Other Secured Claims. Each holder of a Secured Claim shall be placed within a separate subclass of this Class 1. Each such Class 1 Claim shall, for purposes of accepting or rejecting the Plan and for receiving Distributions under the Plan, be treated as though in a separate Class. A Claim shall be treated as a Secured Claim only to the extent of the lesser of the amount of the Allowed Claim or the value of the Collateral securing such Claim as determined by the Bankruptcy Court. As to each holder of a Secured Claim, the Debtor may either (i) object to the Claim, (ii) return the Collateral in full satisfaction of such Secured Claim, (iii) pay cash in an amount equivalent to the lesser of the value of the Collateral or the full amount of the Secured Claim, (iv) allow the Secured Claimant to offset in satisfaction of its Claim, (v) file a Valuation Motion to determine the value of the Claimant's Collateral, or (vi) provide such other treatment as may be agreed to in writing by such holder of the Secured Claim and the Reorganized Debtor. In the event that any such Claimant's total Allowed Claim exceeds the value of the Collateral, any such excess (exclusive of post-petition interest, fees or other charges that such Secured Creditor could otherwise assert) shall constitute an Unsecured (General) Claim for purposes of this Plan, unless such Claimant has elected treatment pursuant to section 1111(b) of the Bankruptcy Code and in accordance with Bankruptcy Rule 3014. The Debtor shall, at its sole discretion, determine whether the treatment afforded will be a return of the Collateral or payment in cash.

Estimated Recovery: 100%

Class 2 – Property Tax Claims
Filed Amount: $ 569.24
Number of Holders: 4
Impaired

TREATMENT

The holders of Allowed Property Tax Claims shall be paid and treated as follows:

(a) Property Tax Claims shall be paid and treated as set forth below:

(i) Allowed Property Tax Claims are Secured Claims and shall be paid in full. The Taxing Authorities shall retain all Liens securing the payment of the Property Taxes. Unless sooner paid, the Property Tax Claims shall be paid on or before the later to occur of

(A) the first day of the first calendar month following the Effective Month, or
(B) January 31, 2013.

(ii) Unless sooner paid, Allowed Property Tax Claims shall receive interest from February 1, 2013 through the Effective Date at the state statutory rate of 1% per month pursuant to sections 506(b) and 511 of the Bankruptcy Code and post-Effective Date interest until paid in full at the state statutory rate of 12% per annum pursuant to sections 511 and 1129 of the Bankruptcy Code.

(iii) To the extent that the Allowance of a Property Tax Claim is objected to by the Debtor, Distributions shall commence on the undisputed portion of such Claim pursuant to the applicable provisions concerning Distributions contained in the Plan.

Estimated Recovery: 100%

Class 3 – Unsecured (General) Claims - See Classification Discussion Below
Filed Amount (some claims being disputed): $367,028.57
Number of Holders: 7
Impaired

TREATMENT

The holders of Allowed Unsecured (General) Claims shall be paid and treated as follows:

(a) Allowed Claims of Class 3 Creditors will be paid in full in one installment being payable on or within 60 days of the respective Initial Distribution Date for each Allowed Class 3 Claim. Such Allowed Claims shall be paid by the Debtor, on such schedule.

Estimated Recovery: 100% of allowed claims

Class 4 – Bubba Riggs Claim (includes Riggs Energy Inc.)
Claims Amount (Disputed): $0.00 - $54,387,498.15 (times 2)
Total Holders: 1
Impaired

TREATMENT

The holder of any Allowed Riggs Claim shall be paid and treated as follows:

The Debtor contends that Bubba was, at the time any claim against the Debtor was created, an insider of the Debtor. Nonetheless, the Riggs Claims (to which the Debtor objects and disputes), to the extent they may be allowed, shall be paid and treated as follows. Two claims have been filed by

this Creditor. One as Carlton Scott "Bubba" Riggs and one as Riggs Energy Inc. The claims are identical and are
not made as alternatives, one to the other. The Debtor asserts that any claim amount is subject to claims objections, offsets and reduction due to Debtor's claims and counterclaims against Riggs. The

claim amount for voting purposes ONLY is $5,262,000.00 [1]. After the later of the Effective Date or the date the Riggs claim is allowed (the "Riggs Effective Date") satisfaction will occur in the following manner:

(a) Upon the Riggs Effective Date, the transfers of leases (as opposed to overriding royalty, back-in royalty and working interests) to Riggs contemplated by the Frio County suit settlement agreement shall be approved and confirmed by the Bankruptcy Court and, to the extent not already transferred, the Debtor will transfer such interests.

(b) Upon the Riggs Effective Date, Riggs shall be paid a sum of cash equal to 50% of the amount of overriding royalty paid or owed to the Debtor from either Riley-Huff Energy Group, LLC, or its affiliates, or Chesapeake Energy Holdings, or its affiliates, on account of overrides reserved by the Debtor in assignments to such entities; but such payment is expressly subject to the provisions of paragraphs (f), (g), (h), and(i), below. This payment does not count as a credit in favor of the Debtor against the allowed claim, if any, of Riggs;

(c) Upon the Riggs Effective Date, Riggs shall be paid a sum of cash equal to 50% of the amount of working interest income paid to the Debtor from either Riley-Huff Energy Group, LLC, or its affiliates, or Chesapeake Energy Holdings, or its affiliates, on account of a retained working interest reserved by the Debtor in assignments to such entities. Provided, however, that before any such payment the Debtor shall recover from Riggs, in cash or as a credit upon his allowed claim, if any, an amount equal to 50% of all joint interest billings paid by the Debtor on account of the retained working interests. The Debtor has paid a total of $1,527,000.00 on account of joint interest billings related to the working interest. The approximate amount of such 50% of joint interest billings already paid by the Debtor on Rigg's behalf is approximately $763,500.00 as of the filing date and shall be determined and fixed either by the Court, following notice and hearing, or by agreement of the Debtor and Riggs immediately following confirmation. After the Debtor has recovered from Riggs the said 50% share of working interest costs the Debtor will convey to Riggs 50% of such working interests. Riggs shall thereafter pay his own share of the joint interest billings associated with such working interests as well as taxes from and after the date of transfer. Provided further, that all of such payments and transfers are expressly subject to the provisions of paragraphs (f), (g), (h), and(i), below. This payment does count as a credit in favor of the Debtor against the allowed claim, if any, of Riggs;

(d) In the event that the "Jennings Lease" (referred to as such but actually composed of multiple separate leases) has been sold by the Riggs Effective Date then the net proceeds of such sale shall be

[1] This reflects the amount of the Frio county finding, approximately, in favor of Riggs. Debtor disputes the amount and is, or intends to, either appeal any verdict or ask for offset of Debtor's claims against Riggs in this Court, or both . Use of the verdict amount in this Disclosure Statement does not constitute an admission against interest.

paid to Riggs. If the "Jennings Lease" has not been sold by the Riggs Effective Date then the Debtor will convey all the Bankruptcy Estate's interest in the "Jennings Lease" to Riggs. Such payment or transfer is expressly subject to the provisions of paragraphs (f), (g), (h), and(i), below, but does not count as a credit in favor of the Debtor against the allowed claim, if any, of Riggs. Neither the sale, nor expiration of the lease without sale, shall have any effect upon the Debtor and shall neither increase nor decrease the amount of Rigg's claim, if any;

(e) Commencing upon the Riggs Effective Date, Riggs shall be paid monthly a sum of cash equal to100% of the amount of overriding royalty and net working interest paid monthly to the Debtor on account of its remaining 50% share of such overrides and net working interests from any party (including, Riley Exploration, Riley-Huff Energy Group, LLC, or its affiliates, or Chesapeake Energy Holdings, or its affiliates), on account of overrides, back in royalty, and working interests reserved by the Debtor in assignments to such entities, not to exceed $24,500.00. This monthly payment shall continue until the full amount of Riggs allowed claim shall have been paid in full; but such payment is expressly subject to the provisions of paragraphs (f), (g), (h), and(i), below. The entire allowed claim of Riggs, minus any offsets or counterclaims, shall be a maximum of $5,262,000.00 and shall thus be paid in full within 6 years of the Riggs Effective Date by some combination of capital raised, Assets sold or revenue generated. The Debtor shall be permitted to increase payments from one source and decrease payments from another. The notations as to expected time of payment are approximations and may vary but the six year maximum payout period will not. Debtor expects the following revenue sources:

(1) Offset of 50% of joint interest billings for working interests to be owed by Riggs but paid by the Debtor - (Approximately) $ 763,500.00
Timing: Immediate

(2) Collection and Delivery of Debtor's Outstanding loans and investments (Primarily Wexco and Bobby Riley) (Approximately) $1,750,000.00
Timing: Approximately 24 months

(3) Sales of Debtor's Leases and/or Overrides (net, less Class 3 claims) (Approximately) $1,000,000.00
Timing: Immediate (some already sold and others expected to be sold before computations)

(4) Monthly Payments of Lease Revenue From overriding, back in royalty, net working interest (72 x approx. $24,200.00/mo) (Approximately) $1,742,400.00
Timing: First payment immediate

(5) Offset of $335,000.00 transferred To Riggs in March, 2012

Six year Total (Up to) $5,262,000.00

(f) For purposes of voting ONLY Riggs claim shall be set at $5,262,000.00. Riggs claim shall be determined and allowed by the Court and, following such determination, if the total amount of the Riggs Allowed Claim should be less than the amount of $5,262,000.00 to be paid under (c) and (e) in this section then such allowed claim shall still be paid in full over no more than 6 years but the Debtor may elect, depending on the amount of the allowed claim, to provide for payment from sources under subparagraphs (1) and (4) under this section (f). Provided further that, in the event the Riley-Huff Claim is allowed as provided below, the above payments to Riggs shall not be paid and the provisions for payment of any allowed claim of Riggs under paragraph (h) below would govern payment of the Riggs Claim, if any.

(g) The Debtor shall hold all existing overriding or back in royalty, and also working interests, standing in its name as of the filing date until the amount of Riggs allowed claim is determined. When the amount of Riggs claim is determined, and such determination is final and the amount of such allowed claim is thus known, the Debtor shall convey to Riggs, in addition to any payments required under section (b), (c), (e) or (f) above, if any, one-half of all overriding royalty, back in royalty or working interests held by the Debtor and acquired in the Eagle Ford Shale during the period October 1, 2009 and February 28, 2011. In the event that Riggs shall be determined to owe any money to the Debtor pursuant to claims advanced by the Debtor against Riggs, or by set-off or off-set, then the Debtor may request the bankruptcy court to set aside to it, from such royalty interests or working interests, property equal to the value of its resulting claim against Riggs, or alternatively, by offset against money otherwise due to Riggs under this Plan. Under this payment schedule transfers of overriding royalty, back in royalty and working interests under the Plan would occur within ten (10) business days of the allowance of any Riggs claim.

(h) Until the claim of Riggs is determined and allowed, and such determination is final, the Debtor shall pay and keep current all property taxes on any overrides or working interests standing in its name. In addition, the debtor shall pay expenses associated with any working interests held by it. In the event the Debtor is required to assign to Riggs any of such overriding royalty or working interest pursuant to the above portions of this Plan, then it shall recover, before any such transfer to Riggs, the amount of taxes or expenses attributable to any interest to be conveyed to Riggs.

(i) In the event that the Riley-Huff Claim is allowed as provided in Class 5, below, then no payments to Riggs would be made as provided in this Class until the amount of its allowed claim is subsequently determined.

(j) While any payments to Riggs under this Class are outstanding the Debtor shall grant a lien to Riggs upon all its property, assignable Leases, overrides, working interests and back in royalty as of the Effective Date. The form of such lien shall be a Deed of Trust with standard terms agreed to by and between the Debtor and Riggs or, if the parties cannot agree, as the Court , after notice and hearing, may require. All other affidavits of lien, *lis pendens,* or other encumbrances against any of the property of the Debtor, shall, upon execution by the Debtor of the Deed of Trust, be immediately canceled, released and declared by the Order Confirming this Plan to be of no further force or effect.

No breach of any provision under this Plan shall be deemed a breach under this Plan or the Deed of Trust unless the provisions of Section 7.7, below, have been complied with in full.

(k) Class 4 is impaired.

Estimated Value of Recovery: Between $ 0 and 5.267 million

Class 5 – Riley-Huff Claim
Estimated Amount (Disputed) : $0.00 - 11,671,610.00[2]
Total Holders: 1
Impaired

TREATMENT

The holder of the Allowed Riley-Huff Claim shall be paid and treated as follows:

(a) Any Allowed Riley-Huff Claim shall be paid by the Debtor on such terms as may be agreed upon by the Debtor and Riley-Huff. If no agreement is reached then the Allowed Riley-Huff claim shall be paid under paragraph (b) below.

(b) Any Allowed Riley-Huff Claim for which no agreement is reached shall be divided into five (5) equal parts. The first part shall be due on the first anniversary of the Allowance Date. The second part shall be due on the second anniversary of the Allowance Date. The third part shall be due on the third anniversary of the Allowance Date. The fourth part shall be due on the fourth anniversary of the Allowance Date. The final part shall be due on the fifth anniversary of the Allowance Date. In addition, Riley-Huff shall receive Liens against all property of the Debtor (a second or inferior lien against any property affected by a lien held by a secured creditor under Class One above).

Estimated Recovery: $0.00 - $11,671,610.00 (100%) over time

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2 This reflects the amount of the purchases of leases made by Riley-Huff where Riggs has asserted that his name was forged (by the Debtor or its contract employees) to certain assignments. Debtor disputes that any forgery occurred, contends that Riley-Huff has good title to the leases, contends that Riggs actions in clouding the title of Riley-Huff are frivolous, and denies any claim against the Debtor by Riley-Huff as a result.

Class 6 – Debt Claims held by Debtor's Principal
Estimated Amount: $275,000.00
Total Holders: 2
Impaired[3]

TREATMENT

Class 6 shall consist of the Claims by Tamara and Tim Ford, as Creditors, pursuant to the Individual loans made by them with the First National Bank of Santo where the proceeds of such loans were utilized by the Debtor. This amount reflects loans made to the Principals where such proceeds were advanced to and used by the Debtor. Class 6 is impaired. However, as Insiders, the members of Class 6 are not entitled to vote to accept or reject the Plan.

Class 6 Creditors shall receive no Distribution on account of such loans unless and until higher Classes are paid in full. Tamara Ford may, however, receive wages for personal services provided to the Debtor. Any Creditor may object to the amount of such wages for personal service and may request the Bankruptcy Court to determine an appropriate amount for such services.

Estimated Recovery: 100% (after all higher Classes)

Class 7 – Interests in the Debtor
Estimated Amount: N/A
Total Holders: 2
Impaired [4]

TREATMENT

All interests in the Debtor shall be subordinated and the Class 7 Interest Holders shall receive no distribution until full payment of all other Classes shall have occurred.

The total universe of Claims, as ultimately Allowed, may be greater or smaller than as reflected in the above analysis.

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, the debtor-in-possession attempts to reorganize its business for the benefit of the debtor, its creditors, and other parties in interest. The present chapter 11 case commenced with the filing of a voluntary chapter 11 petition by the Debtor on June 20, 2012.

3-4 Tamara and Tim Ford, wife and husband, are the sole members of these Classes. Class 6 and 7 are impaired. However, as Insiders, members of Class 6 and 7 are not entitled to vote to accept or reject the Plan.

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. In the present chapter 11 case, the Debtor has remained in possession of its property and has continued to operate its business as debtor-in-possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia,* for an automatic stay of all attempts to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization. The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the "Exclusivity Period"). However, section 1121(d) of the Bankruptcy Code permits the court to extend or reduce the Exclusive Period upon a showing of "cause." After the Exclusive Period has expired, a creditor or any other party in interest may file a plan, unless the debtor has filed a plan within the Exclusive Period, in which case, the debtor is generally given 60 additional days (the "Solicitation Period") during which it may solicit acceptances of its plan. The Solicitation Period may also be extended or reduced by the court upon a showing of "cause." The Debtor has filed its Plan during the Exclusivity Period.

B. Plan of Reorganization

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the Debtor's Assets. In this chapter 11 case, the Plan, as proposed by the Debtor, provides that the Debtor shall continue its business, retain and operate its Assets and pay all Allowed Claims in full.

All interests in the Debtor shall be subordinated and no Principals or owners shall receive any distribution, save wages for personal service, from the Debtor until all higher classes have been paid.

After a plan of reorganization has been filed, the holders of impaired claims against or interests in a Debtor are permitted to vote to accept or reject the Plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims against and interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code. If all classes of claims and interests accept a plan of reorganization, the bankruptcy court may nonetheless still not confirm the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims and interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization.

The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the "best interests of creditors" test and the "feasibility" requirement. The Debtor supports confirmation of the Plan and urges all holders of impaired Claims to accept the Plan.

Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting. In the present case, only the holders of Claims or interests who actually vote will be counted as either accepting or rejecting the Plan.

In addition, classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified in any way under the plan. However, if holders of the claims or interests in a class do not receive or retain any property on account of such claims or interests, then each such holder is deemed to have voted to reject the plan and does not actually cast a vote to accept or reject the plan.

Interests in the Debtor are not impaired under the Plan. All other Classes of Claims are impaired under the Plan and, therefore, each holder of a Claim in such other Classes is entitled to vote on the Plan.

The bankruptcy court may also confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or interests that has not accepted the plan. Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and Interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full.

A Plan does not "discriminate unfairly" against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

The Debtor believes that the Plan has been structured so that it will satisfy these requirements as to any rejecting Class of Claims, and can therefore be confirmed, if necessary, over the objection of any Classes of Claims. The Debtor, however, reserves the right to request confirmation of the Plan under the "cramdown" provisions of Section 1129 of the Bankruptcy Code.

III. THE DEBTOR AND ITS BUSINESS

A. The Debtor

The Debtor is a closely held Wyoming corporation doing business in Texas engaged in identifying mineral properties which are capable of being leased from the owners of those mineral estates. The Debtor provides a range of professional services to both individual and commercial clients, including "landman" services to identify mineral owners, leasing specific acreage at the request of a particular client, leasing acreage from mineral owners and then attempting to market, at a profit, any lease obtained, and acting as a middleman between entities holding leases and a potential "end user" of that leased property. The Debtor's chief offices are in Palo Pinto County, Texas and the Debtor also maintains an office in Tarrant County, Texas. The Debtor holds positions in leases located in several states including Texas.

B. The Debtor's Management

The owner of the Debtor is Tamara Ford. She formed the Debtor in 2008. It also employs a number of contract landman who help it perform the above services. Her compensation has, in the past, been equal to the profits of the Debtor. Going forward she will receive compensation from the Debtor only as it is profitable and not to exceed $10,000.00 per month without approval of the Bankruptcy Court.

Unless otherwise ordered by the Court, Tamara Ford shall continue to manage the affairs of the Debtor as its representative up to the Effective Date of the Plan. If the Plan is confirmed, she will continue to manage the Debtor's Assets and business. Under the terms of the Plan she will not receive any distribution from the Debtor, except for wages for personal service, on account of her interest in the Debtor or on account of debts owed to her by the Debtor until all Allowed Claims of higher classes shall be paid in full.

C. Prepetition Financing Structure of the Debtor

As of the Petition Date, the Debtor was not a borrower under any secured debt arrangement or a commercial Loan agreement. The Debtor did benefit from the proceeds of personal loans made by Tamara Ford which were deposited into the Debtor to fund its operations. As of the Petition Date the outstanding aggregate principal amount owed by Tamara on such obligation was approximately $275,000.00.

IV. FINANCIAL PROJECTIONS AND ASSUMPTIONS / FEASIBILITY

The Bankruptcy Code conditions confirmation of a plan of reorganization on, among other things, a finding that it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. The Plan provides for the payment of all Allowed Claims pursuant to a payment schedule. If orderly liquidated and/ or realized the Debtor's Assets will provide the means for the implementation of the Plan. The value of those Assets, as shown in the schedules and assuming resolution of all disputes preventing orderly sale or development of those Assets, is far above the reasonably estimated amount of all Allowed Claims (with the exception of Class 6 Claims and Class 7 interests, which are to receive no distributions under the Plan). Thus, the Debtor believes that the Plan is feasible given only reasonable expectations of development of approximately 21,000 acres in which the Debtor holds overrides. Note is made however that the failure of oil and gas companies to develop the properties in which the Debtor holds overrides will greatly reduce the value of Debtor's overrides and working interests.

The Debtor currently receives payments for overriding royalty and working interests from various purchasers and may receive additional future payments for "back-in" royalty. The Debtor's interest in these payments is 50%, with the other 50% being owned by, under the Plan, by Riggs. The Debtor's 50% interest currently generates approximately $20,000- $30,000.00 per month with further expansion likely as operators (notably Riley-Huff Energy Group, LLC, and Chesapeake Energy Holdings) continue development of many thousands of acres in which the Debtor holds overrides and working interests.

In addition, the Debtor has already sold and closed, or currently pending, transactions, which have or will result in approximately $1,500,000.00 in revenue to the Debtor (note that this does not include the sale of the Jennings Lease). The Debtor also has investments (Wexco) or loans receivable (Bobby Riley) amounting to another approximate $1,750,000.00. These amounts, together with, the monthly amounts payable under the Plan from overrides and net working interests should permit full payment of all claims (other than the contingent claim of Riley-Huff Energy Group, LLC) in no more than 6 years. However, the Debtor is committed to a faster resolution and payment by selling additional Assets, including overrides and working interests, as opportunities present.

V. THE CHAPTER 11 CASE

A. Factors Leading To Filing of the Chapter 11 Case

Prior to any association with Riggs the Debtor had provided its services in connection with the development of the Barnett Shale in North Central Texas. That oil and gas "play" cooled because of low natural gas prices. The Debtor sought to look for profits in fields were more oil and less natural gas was produced. To this end it turned its sights upon the Eagle Ford Shale. As stated above, the Debtor was in the business of acting as a "landman" to acquire leases both in and outside Texas. In the Eagle Ford Shale the Debtor became associated with Riggs for the purpose of obtaining leases. Riggs Energy Inc. did not even exist when Riggs and the Debtor began to do business in the fall of 2009.

The association with Riggs led to the acquisition and subsequent sale of numerous lease properties in the Eagle Ford Shale. Riggs claimed to have knowledge of mineral owners and expertise in the Eagle Ford Shale area of southwest Texas. The Debtor had markets for packaged leases and a crew of experienced landmen which it employed on a contract basis. These landmen would locate, negotiate with, and ultimately persuade mineral owners to sign leases which would then be transferred to third parties. Between September of 2009 and March of 2011 more than $64,000,000.00 dollars worth of leases were acquired and resold.

Although this association between the Debtor and Riggs has been referred to as a "partnership" or, in one lawsuit in Tarrant county, an "unnamed partnership", it bears more hallmarks of a joint venture. No formal "partnership" agreement was ever created. No "partnership" bank account was ever opened. No comprehensive list of "partnership Assets" was ever prepared by the supposed "partners", and none exists now. Neither the Debtor nor the Riggs Group were ever required to act solely to benefit the "partnership" at any time. Neither Riggs nor the Debtor filed a partnership return of income. No Form 1065 return was filed. Each "partner" continued to act independently in various projects.

In documents filed in connection with this and related proceedings Riggs has alleged that the "partnership" with the Debtor began on September 9, 2009 and terminated on February 28, 2011. This end date was not agreed by the Debtor because the Debtor received no notice oral or otherwise until April 2011; was still transferring money to Riggs ($335,000.00 on March 11, 2011, for example); and was still working

title curative matters on the latter parts of the 'Hess" sale which, upon information and belief, Riggs later sold with no benefit to the Debtor. On April 11, 2011, the Debtor signed an agreement for a lease sale to "Hess". On April 26, 2011, the Debtor purchased and paid for leases from Devon Energy which were later made part of the "Hess" sale.

Riggs has testified that the "partnership" was only to include properties located in the Eagle Ford Shale. Between May 10, 2010 and March 11, 2011, the Debtor transferred more than $20,000,000.00 to Riggs to acquire leases in various locations or for his share of proceeds for properties acquired and sold. Riggs, except for one occasion, never sent any money the other way, to the Debtor. On that one occasion he returned $1,000,000.00 to the Debtor to fund the acquisition of a lease.

Disputes arose between the Debtor and Riggs. The Debtor claimed against Bubba and the Riggs Group because leases were acquired by Riggs which were represented to cost, or were billed to, the Debtor at one "per-acre" amount for the mineral owners when the actual per-acre figure paid by Riggs was much less. Riggs pocketed the difference. Riggs, on the other hand, claimed that the Debtor and its principal, Tamara Ford, had charged inflated costs for expenses of lease acquisition including landman costs and that the Debtor had failed to remit to Riggs 50% of the profit for leases sold in the Eagle Ford Shale. Riggs also made claims to the affect that the Debtor and Tamara had transferred money or property in which Riggs had an interest, without compensation to Riggs; and had otherwise unfairly treated Riggs. A claim was advanced that certain leases which were "partnership" property were assigned through documents which Riggs did not sign. In other words, the assignments were claimed to be forgeries.

Riggs has filed numerous other suits against the Debtor and others. One of these lawsuits alleges that the Debtor had forged Riggs name on certain lease assignments to Riley-Huff Energy Group, LLC and or the Huff Energy Fund. These suits have clouded the title to the transferred leases and have caused Riley-Huff to file a cross-action against the Debtor giving rise to the disputed claim listed as Class 5.

Employees of the Debtor have previously testified that no forgery occurred and that on several occasions Riggs failed to timely execute assignments so that the Debtor could effect sales to their joint customers. On these occasions, Riggs instructed the Debtor's employees to sign his name to certain documents. In most instances, the Debtor sent the purportedly "forged" documents directly to Riggs' house and he or his employees filed the documents in the real property records of the respective counties. Many months expired between the recording of the supposedly forged assignments and Riggs' first forgery claim. In other words, no forgery occurred. These lawsuits, and the resulting issues clouding title, have reduced the value of leases still held in inventory by the Debtor and have reduced the value of overrides in leases which have been sold. These actions have greatly affected the Debtor's business and its ability to sell leases and develop overrides and working interests.

A trial was held on the Frio County suit in early 2012. Approximately 5.267 million dollars was awarded to Riggs although judgment has not been entered in the Lawsuit. However, as of the Petition Date, Riggs has sought the entry of a judgment providing for joint and several liability of the Debtor and its principals. The Debtor disputes the amount of this liability to Riggs and intends to appeal from any judgment entered in the Frio County suit. As of the Petition Date, the Debtor was without sufficient liquid Assets to satisfy the full amount of the oral verdict awarded in Riggs' favor. Furthermore, based on information obtained by the Debtor from the Principals, the individual non-exempt Assets of the Principal are not sufficient to cover the shortfall of the Debtor's Assets if the award to Riggs is not reversed or modified on appeal, and if full development of 21,000 acres in which the Debtor holds a retained interest does not occur.

B. Commencement of the Chapter 11 Case

On June 20, 2012, the Debtor filed a voluntary petition for protection under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Wichita Falls. The Debtor's chapter 11 case is administered under Case No. 12-70239-HDH-11 and presided over by the Honorable Harlin D. Hale, United States Bankruptcy Judge.

C. The Debtor's Professionals

The following is a list of each of the Professionals that has been employed by the Debtor in this chapter 11 Case, or that the Debtor is seeking to employ, with a description of the role of each such Professional and that status of such Professional's employment:

Professional Role of Professional Status of Employment

Ron L. Yandell
State Bar No. 22123200
Law Offices of Ron L. Yandell
705 Eighth St., Suite 720
Wichita Falls, Texas 76301
Telephone: (940) 761-3131
Facsimile: (940) 761-3133
ronyandelllaw@aol.com
ATTORNEY FOR DEBTOR
AND DEBTOR IN POSSESSION

The Debtor anticipates, but has not yet sought, employment for special trial counsel and forensic accountants.

D. Creditors' Committee

No creditors' committee has been appointed in this chapter 11 case.

E. Professional Fees and Expenses

The Debtor's attorney was paid retainers in the aggregate amount of $31,000.00 by the Debtor and Tamara Ford prior to the Petition Date. Part of that sum was used to pay the filing fee in this Cause. As of the Petition Date, the unapplied balance of the retainer paid by the Debtor was $17,000.00.

F. Continuation of Business after the Petition Date

Since the Petition Date, the Debtor has continued to operate its business and manage its property as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtor has sought Bankruptcy Court approval for all transactions including those in the ordinary course of its businesses. As discussed below, the Debtor also sought and obtained authority from the Bankruptcy Court during the period immediately following the Petition Date with respect to a number of matters deemed by the Debtor to be essential to its smooth and efficient transition into chapter 11 and the stabilization of its operations. The

Debtor has not sought use of cash collateral. It has filed at least three motions for the sale of some of its Assets.

G. Schedules and Bar Dates

After having received an extension from the Bankruptcy Court, the Debtor filed its Schedules and Statement of Financial Affairs on July 19, 2012 [see Docket Nos. 18 and 19]. Pursuant to a *Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines* entered in this chapter 11 case, November 1, 2012, was fixed as the deadline for all holders of alleged Claims against the Debtor to file proofs of claim against the Debtor.

H. Operating Information During Pendency of the Chapter 11 Cases

The Debtor files monthly operating reports with the Bankruptcy Court and the United States Trustee. Copies of the filed monthly operating reports are available for inspection and copying at the office of the Clerk of the Bankruptcy Court. A copy of the most recently filed monthly operating report for the Debtor is attached hereto as **Exhibit "B"**.

I. Matters Relating to Executory Contracts, Unexpired Leases, and Bar Dates for Rejection Claims

Section 365 of the Bankruptcy Code grants a debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Section 365(d)(4) of the Bankruptcy Code provides that if a debtor does not assume or reject an unexpired lease of nonresidential real property under which a debtor is the lessee (i) within 120 days after the petition date (the "365(d)(4) Deadline"), (ii) within an additional 90-day period as the bankruptcy court, for cause, may allow, or (iii) within such additional time as the bankruptcy court may permit with the consent of the landlord of the leased premises, then such lease is deemed rejected.

All Executory Contracts shall be deemed as assumed upon the Effective Date, unless expressly rejected through an order of the Bankruptcy Court. The Plan shall constitute a motion to assume all Executory Contracts unless otherwise expressly rejected. However, the Debtor may file a separate motion for the assumption or rejection of any Executory Contract at any time through the Effective Date, and any such assumption shall, to the extent thereafter approved, be effective as of the Effective Date.

J. Exclusivity

Pursuant to sections 1121(b) and (c)(3) of the Bankruptcy Code, a debtor has (a) 120 days after the petition date within which to file its plan of reorganization (the "Filing Period"), and (b) 180 days after the petition date to solicit acceptances of its timely filed plan of reorganization (the "Solicitation Period") before other parties in interest are permitted to file plans. The Debtor has filed its Plan prior to expiration of the Filing Period. Accordingly, no other party may file a plan unless the Solicitation Period expires or the Bankruptcy Court orders otherwise. The Debtor has requested an extension of the Exclusivity period for confirmation.

K. Anticipated Post-Confirmation Future of the Debtor

It is anticipated that the Debtor shall continue to operate its business as a going concern. It may be, however, that the damage done to the Debtor's reputation in the "oil patch" by the multiple disputes and claims of others may be fatal to the Debtor's continued survival. In such case, it is anticipated that the Debtor's business may close but its performing Assets (overrides and working interests) will be managed for the benefit of Creditors or sold to the highest bidder. Also, in the event the leases currently in the Debtor's inventory may expire without sale for the same reasons and the Debtor's investment in those leases will be lost with unfavorable consequences for the Debtor's long term survival.

L. Income Tax Consequences-Preservation of NOL'S

The Debtor does not believe that it has any pre-petition obligations to the Internal Revenue Service ("IRS"). However the bar date for claims by the IRS (mid December, 2012) has not elapsed and a claim is still possible.

The Debtor has, during the course of this bankruptcy, sold certain of its assets (oil and gas leases) and intends to sell more. The Debtor does not believe that those sales have created a post-petition tax liability for the Debtor due to the original acquisition costs of those leases. The Debtor also receives income from overriding royalties, working interests, and title and leasing operations. However, the Debtor has substantial deductions for the purpose of computing tax liability, including, without being limited to, payments for working interest expenses (joint interest billings) legal and professional services so that calender year 2012 taxes are extremely unlikely.

If applicable, the Debtor shall preserve any net operating loss carry-forwards under the Plan to offset taxable income resulting from any future operations. The potential loss of leases may result in NOL'S depending on income, expenses and losses.

M. Projected Transfer or Avoidance Action Recoveries

Because the holders of Allowed Unsecured (General) Claims are to receive 100 percent recoveries under the terms of the Plan, it is not expected that the Debtor shall assert any Avoidance Actions against any person or entity. However, the Debtor, in an adversary Proceeding filed in this Cause, has asserted the right to avoid transfers made to Riggs as part of the determination of the amount of any claim held by Riggs. In addition, the Debtor intends to actively seek recovery of all sums owed to the Debtor by Leo Whelan, Wexco Resources or Bobby Riley as set out under the Plan, not as an avoidance action or as a transfer, but as a receivable.

The preceding paragraph should not be read to indicate that potential recovery or avoidance actions do not exist. Within the two year period (June 21, 2010 - June 20, 2012) transfers to entities deemed, by the Debtor, to be insiders occurred as set out on Exhibit "C", attached. The statutory basis for the debtor's insider determination is, as to TAMARA FORD (per 11 USC 101 (31)(B)(i), (ii) and (iii)), as to WEXCO RESOURCES (per 11 USC 101 (31)(E)) and as to BUBBA RIGGS (RIGGS ENERGY) (per 11 USC 101 (31)(B)(*v.*) and (E).

VI. LITIGATION INVOLVING THE DEBTOR

A. Litigation Against the Debtor

As of the Petition Date, the following Lawsuits were pending against the Debtor and were removed to the Bankruptcy Court:

(A) *Cause No. 11-04-00129CVF; Carlton Scott ["Bubba"] Riggs and Riggs Energy, Inc.*, *v. Wyldfire Energy Inc., Tim Ford, Tamara Ford; in the 81st Judicial District, Frio County, Texas; (referred to herein as "the Frio County suit"); Adversary No. 12-07009*

(B) *Cause No. 11-10-00371CVF; Carlton Scott ["Bubba"] Riggs and Riggs Energy Inc.*, *v. The Huff Energy Fund L.P., et al; in the 81st Judicial District, Frio County, Texas; Adversary No. 12-07012*

(C) *Cause No. 11-10-00162CVL; Carlton Scott ["Bubba"] Riggs and Riggs Energy Inc.*, *v. The Huff Energy Fund L.P., et al; in the 218th Judicial District, LaSalle County, Texas; Adversary No. 12-07011*

(D) *Cause No. 12-06-0282CVW; Carlton Scott ["Bubba"] Riggs and Riggs Energy Inc.*, *v. Tamara Ford, Tim Ford, Wexco Resources, LLC, Leo Whelan, MIH Wyoming LLC, MIH Inc., Evans Watson Wilson, County Resources LLC, James C. Evans, County Resources LLC; in the 218th Judicial District, Wilson County, Texas; Adversary No. 12-07010*

(E) *Cause No. 096-256106-11; Riley Huff Energy Group LLC v. Carlton Scott ["Bubba"] Riggs and Riggs Energy Inc.*, *Wyldfire Energy Inc., and unnamed partnership between Wyldfire, Riggs and Riggs Energy; in the 96th Judicial District, Tarrant County, Texas; Adversary No. 12-07008*

(F) *Wyldfire Energy v. Carlton Scott "Bubba" Riggs; Riggs Energy Inc., Tim Ford, Tamara Ford, Leo Whelan, James C. Evans, Evans Watson Wilson County Resources LLC, Huff Energy Fund, L.P., Riley Exploration LLC, The Riley-Huff Energy Group, LLC, Ty Griensenbeck, B.R. Allen & Bobby Riley; Adversary No. 12-07013*

Other actions involving Tamara Ford and her husband Tim Ford (and initially the Debtor) have been removed from Texas state district court and assigned an adversary number in the Wichita Falls Division, styled as follows:

(G) *Cause No. 11-09-12583-ZCVAJA; Longview Energy Company vs. The Huff Energy Group, LP, WRH Energy Partners, LLC, W.R. Huff Asset Management Co., William R. "Bill" Huff, Rick D'Angelo, Ed Dartley, Bryan Bloom, Riley-Huff Energy Group, LLC, Bobby Riley, Wyldfire Energy, Inc. And Tamara Ford vs. Robert Gershen, David Fuller, Randy Waesche, Harold Carter, Tom Vessels, George Keane and Rick Pearce; In the 365th Judicial District, Zavala County, Texas; Adversary No. 12-07014*

(H) *Cause No. 12-06-00236CVF; Carlton Scott Riggs and Riggs Energy Inc. vs. Tamara Ford and Tim Ford; In the 218th Judicial District, Frio County, Texas; Adversary No. 12-07015*

Each of the above adversary actions, save and except 12-07008; 12-07009 and 12-07013, have been remanded to the respective state courts.

B. Additional and Potential Litigation by the Debtor

After the Petition Date, the Debtor commenced an adversary proceeding [12-07013] in the Bankruptcy Court styled the Debtor vs. Carlton "Bubba" Riggs, Riggs Energy, Inc., Tim Ford, Tamara Ford, Leo Whelan, James C. Evans, Evans Watson Wilson County Resources, M.I.H., Inc., MIH Wyoming, LLC, Wexco Resources, LLC, Huff Energy Fund, L.P., Riley Exploration, LLC, The Riley-Huff Energy Group, LLC, Ty Griensenbeck, B.R. Allen & Bobby Riley as an Adversary Proceeding in the United States Bankruptcy Court for the Northern District of Texas, Wichita Falls Division (the "Riggs Adversary"). In the Adversary, the Debtor seeks to recover property of the Estate, recover damages for fraud and other damages, enforce the automatic stay of section 362 of the Bankruptcy Code against Riggs and seek issuance of a temporary injunction against Riggs to enjoin him from undertaking any collection efforts against the Debtor's Principals with respect to the Frio County suit or Judgment during the pendency of the Debtor's bankruptcy case. B. R. Allen has now been dismissed from this adversary.

Except as expressly provided in the Plan, nothing contained in the Disclosure Statement, the Plan or the Confirmation Order shall waive, relinquish, release or impair the Debtor's right to object to any Claim.

Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtor shall, upon the occurrence of the Effective Date, be retained by the Debtor for the benefit of the Debtor and the Debtor's estate. Except as expressly set forth in the Plan, the Debtor retains all rights to commence, prosecute or settle such causes of action, notwithstanding the occurrence of the Effective Date.

No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any cause of action against them as any indication that the Debtor or Plan Representative will not pursue any and all available causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against them. The Debtor and its estate expressly reserves all rights to prosecute any and all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against any Person, except as otherwise provided in the Plan.

Unless any causes of action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Final Order, the Debtor expressly reserves all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication, and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan.

VII. THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE CONSUMMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A

FULL AND COMPLETE REVIEW OF THE PLAN. THE FOLLOWING SUMMARY IS COMPLETELY QUALIFIED BY THE TERMS OF THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN THE FOLLOWING SUMMARY AND THE PLAN, THE PLAN WILL CONTROL.

A. Classification and Treatment Summary

The Plan classifies the various Claims against and interests in the Debtor. These Classes take into account the different nature and priority of Claims against and interests in the Debtor. In addition, in accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting under the Plan. Rather, all such Claims are treated separately as unclassified Claims.

All Classes of Claims are impaired under the Plan. If a controversy arises as to the classification of any Claim or interest, or as to whether any Class of Claims or interests is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

1. Basis for Classification of Claims

The Debtor has elected to classify separately general unsecured claims from the claims, if any, of Bubba Riggs and Riggs Energy. Pursuant to 11 USC 1122 (a) the Debtor may place a claim or interest in a class with other members only if such claims or interests are "substantially similar". The Debtor contends that **Class Three, Class Four and Class Five** claims are not "substantially similar".

All of the Riggs' claims against the Debtor originated during a period when it was involved with the Debtor in a partnership or joint venture buying and selling oil and gas leases. The Debtor holds property in which Riggs asserts a 50% interest. The Debtor has previously transferred to Riggs the Debtor's interest in other properties which Riggs has since sold or is attempting to sell. A third party (Riley Huff) is suing both the Debtor and Riggs for damages arising from the operation of an "unnamed partnership" between the Debtor and Riggs and seeking damages against both. As to Riggs the Debtor is in the position of a possessory lien creditor because the Debtor holds property in which Riggs has or may have an interest. None of these statements are true with respect to the general unsecured claims. The Debtor has asserted claims against Riggs for various reasons as set out in Adversary No. 12-07013. While the Debtor may object to any claim under the Plan, including those in the general unsecured class, the basis for objection would be dissimilar to the Riggs objections and offset claims.

Unclassified Claims Against the Debtor

Unclassified Claims against the Debtor consist of Administrative Expense Claims and Priority Tax Claims. An Administrative Expense Claim is a Claim based on any cost or expense of administration of the chapter 11 case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor, as debtor in possession, during the chapter 11 case including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the estate of the Debtor under section 1930 of title 28 of the United States Code. Administrative Expense Claims include both ordinary post-petition

business expenses and Claims attributable to Professionals. Trade debt will be paid in the ordinary course of business. Fees and expenses owed to Professionals are payable upon the Allowance of an appropriate fee application.

a. Treatment of Administrative Expense Claims

Each holder of an Allowed Administrative Expense shall receive, at the Debtor's option, (I) the amount of such holder's Allowed Administrative Expense in one cash payment on the later of the Effective Date or the tenth (10_{th}) Business Day after such Claim becomes an Allowed Claim, (ii) the amount of such holder's Allowed Claim in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Debtor or as ordered by the Bankruptcy Court. The estimated amounts of administrative claims are set out on page 3 above under the heading "Unclassified Claims-Administrative Claims".

Unless the Bankruptcy Court orders to the contrary or the Debtor agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by a Professional, a liability incurred and paid in the ordinary course of business by the Debtor, or an Allowed Administrative Expense, shall file with the Bankruptcy Court and serve upon the Debtor and its counsel, a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. Such notice shall include at a minimum: (I) the name, address, telephone number and fax number (if applicable) of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to timely and properly file and serve such notice shall result in such Claim for an Administrative Expense being forever barred and discharged.

A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection (b) above, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

THE FAILURE TO FILE THE REQUIRED NOTICE OF ADMINISTRATIVE EXPENSE CLAIM ON OR BEFORE THE ADMINISTRATIVE EXPENSE CLAIMS BAR DATE AND THE FAILURE TO SERVE SUCH NOTICE TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED, DISALLOWED AND DISCHARGED WITHOUT FURTHER ORDER OF THE BANKRUPTCY COURT.

The above procedures shall not apply to Professionals, who shall each file and submit a final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. Professional fees and expenses to any Professional incurred on or after the Effective Date may be paid without necessity of application to or order by the Court.

b. Treatment of Priority Tax Claims

On, or as soon as reasonably practicable after, the later of (a) the Effective Date, (b) the date on which each such Priority Tax Claim becomes Allowed, or (c) the last date on which such Claim is payable without penalty, each holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, a Distribution from the Debtor equal to the due and unpaid portion of such Allowed Priority Tax Claim or such lesser amount as may

be agreed upon by the holder of such Claim. The Allowed Priority Tax Claims will bear interest at a rate of interest fixed by the Bankruptcy Court from and after the Effective Date until paid in full.

c. Treatment of United States Trustee's Fees

All quarterly trustee's fees pursuant to 28 U.S.C. section 1930(a)(6) shall be paid by the Plan Representative as of the Effective Date and thereafter as the same may become due.

2. Classified Claims and Interests

Classified Claims and interests shall receive the treatment as described in Article IV of the Plan, which treatment is summarized in the table set forth in Article I.B of this Disclosure Statement above.

Acceptance or Rejection of the Plan

Each impaired Class of Claims or interests shall be entitled to vote separately to accept or reject the Plan. Any unimpaired Class (as defined in paragraph 2.3 of the Plan) of Claims or interests shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. An impaired Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (½) in number of the Allowed Claims in such Class that have voted on the Plan. Paragraph 5.3 of the Plan constitutes a request by the Plan proponent, pursuant to section 1129(b), that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) have not been met. Without limiting the generality of the foregoing, if the holder of any claim rejects the Plan, the Debtor will seek to cramdown the Plan pursuant to section 1129(b) of the Bankruptcy Code.

3. Means of Implementation of the Plan

Allowed Claims

The Debtor will bear all the liability for and obligation to perform and make all Distributions or payments on account of the following Allowed Claims: (a) Class 1, (b) Class 2, (c) Class 3, (d) Class 4, Class 5, (e) Administrative Expenses, (f) Priority Claims, (g) Priority Tax Claims, and (h) all assumed Executory Contracts.

Payment to Class 4 Creditor and Class 5 Creditor

The Debtor shall pay the Class 4 Creditor (Riggs) the amount of his Allowed Claim only as it may be adjusted by the Debtor's claims against Riggs, or by offset, or as determined by the Bankruptcy Court.

The Debtor will prosecute the Riggs Adversary [Adversary No. 12-07013, remanded,] and the trespass actions [Adversary No's. 12- 07008, not remanded; 12-07012, remanded and 12-07013, not remanded] and seek reduction of the Riggs Claim accordingly. The Debtor believes that the Class 5 Creditor (Riley-Huff) should prevail against Riggs and have no claim against the Debtor as a result.

Vesting of Assets

As of the Effective Date, all Assets of the Debtor shall be vested in the Debtor and shall be free and clear of all Liens and Claims of all holders of Claims and interests, except as expressly set forth in the Plan.

Implementation of Plan

On the Effective Date of the Plan:

(i) All Assets of the debtor are vested in the Debtor, free of liens, except as provided in the Plan;
(ii) The Debtor shall begin payments as called for by the Plan;
(iii) The Debtor will make the transfers called for by the Plan;
(iv) The Debtor will grant liens on its property as called for by the Plan; and

Winding up of Debtor

If the continuation of the Debtor's business as discussed above becomes unworkable the Debtor, as the Plan Representative, shall notify the Bankruptcy Court and the Creditors and shall be responsible for winding up the affairs of the Debtor, including the filing of all required reports or returns and any documents necessary or appropriate for the dissolution of the Debtor. When, or if, the Debtor notifies the Court of its intent to wind up or liquidate, the principal of the Debtor shall not be entitled to any further compensation as wages. The Debtor, as Plan Representative, shall also be responsible for obtaining the entry of a final decree, when appropriate, closing the bankruptcy case.

Collection Costs

To the extent that there is any Secured Creditor which is a holder of an Allowed Secured Claim that has or asserts a right to attorney's fees and costs pursuant to section 506(b) of the Bankruptcy Code, unless otherwise agreed between the Debtor and such Secured Creditor, the allowance of such fees and expenses shall be handled as set forth in paragraph 7.2 of the Plan. Within twenty (20) days after the Effective Date, the Secured Creditor shall file an application with the Bankruptcy Court for allowance of such fees and expenses. Such application shall follow the same rules and guidelines as a fee application for a Professional seeking compensation from the Debtor, including the U.S. Trustee's Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses. No later than twenty (20) days after each such application for Collection Costs is filed, the Debtor may file any objections thereto, and the Secured Creditor shall file any response within twelve (12) days thereafter. If the Secured Creditor and the Debtor are unable to reach agreement, the matter shall then be submitted to the Bankruptcy Court for determination on no less than twenty (20) days notice of the hearing.

Certain Actions

The Debtor shall retain all Avoidance Actions against any Person as well as all Claims against any person for debts owed to the Debtor to allow for the payment of Allowed Claims.

Provisions Governing Distributions and Performance of the Plan

1. Prosecution of Claims

All Estate Claims and Estate Defenses shall be vested in the Debtor, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code.

2. Performance

All performance and Distributions under the Plan shall be undertaken by the Debtor.

3. Disposition of Assets

A portion of the Assets of the Debtor shall be transferred to Riggs, upon the allowance of any claim and in accordance with the Plan. All other Assets are vested in the Debtor.

4. Date of Distributions

No Distribution shall be made pursuant to the Plan except on account of an Allowed Claim, except as otherwise ordered by the Bankruptcy Court pursuant to a Final Order. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Except as otherwise expressly provided in the Plan, any Distributions pursuant to the Plan shall be made on the respective Initial Distribution Dates applicable to each such Allowed Claim except as otherwise provided in the Plan or ordered by the Bankruptcy Court. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court.

5. Means of Cash Payment

Cash payments pursuant to the Plan shall be made by check drawn on, or by wire transfer from, a domestic bank.

6. Delivery of Distributions

All Distributions, deliveries and payments to the holder of any Allowed Claim shall be made to the addresses set forth on the respective proofs of Claim filed in this case. Any such Distribution, delivery or payment shall be deemed as made for all purposes relating to the Plan when deposited in the United States Mail and served as provided in paragraph 13.5 of the Plan. Whether secured or unsecured, if no proof of Claim is filed, any Distribution shall be made to the Creditor at the last known address or as reflected in the Schedules. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. All claims for undeliverable Distributions shall be made on or before the first anniversary of the attempted Distribution. After such date, all Unclaimed Property shall revert to the Debtor, and the Claim of any holder with respect to such property shall be discharged and forever barred.

7. Time Bar to Cash Payments

Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of the first anniversary of the Initial Distribution Date or ninety (90) days after the date of issuance of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

8. Cure Period

Except as otherwise set forth in the Plan, the failure by the Debtor to timely perform any term, provision or covenant contained in the Plan, or to make any payment required by the Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to the Plan, shall not constitute an Event of Default unless and until the Debtor has been given thirty (30) days written notice of such alleged default in the manner provided in the Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Debtor shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under the Plan or bringing any action or legal proceeding by any Person to enforce any right granted under the Plan.

9. Pre-Payment of Claims

Any other term of the Plan notwithstanding, the Debtor may pre-pay any Allowed Claim in whole or in part without penalty.

Procedures for Resolving and Treating Contested and Contingent Claims

Objection Deadline

All objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register, including any alleged informal proofs of Claim. The Debtor may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline. Any proof of Claim filed more than sixty (60) days after the Effective Date shall be of no force and effect and need not be objected to by the Debtor. Any Contested Claims may be litigated to Final Order. The Debtor may compromise and settle any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement of a Contested Claim after the Effective Date.

Responsibility for Objecting to Claims

The Debtor, shall have the right and responsibility for objecting to the allowance of Claims following the Effective Date as provided in the Plan. Any party in interest desiring to object to any claim must do so within sixty (60) days following confirmation. After such date the Debtor shall then have the sole right to object to any claim.

Distributions on Account of Contested Claims

If a Claim is Contested, then the Initial Distribution Date as to such Contested Claim shall be determined based upon its date of Allowance, and thereafter Distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

No Waiver of Right to Object

Except as expressly provided in the Plan, nothing contained in the Disclosure Statement, the Plan or the Confirmation Order shall waive, relinquish, release or impair the Debtor's right to object to any Claim.

Rights Under Section 505

The Debtor shall retain all rights pursuant to section 505 of the Bankruptcy Code.

Allowance of Contested or Disputed Claims

Paragraph 8.6 of the Plan shall apply to all Contested Claims. Nothing contained in the Plan, Disclosure Statement or Confirmation Order shall change, waive or alter any requirement under applicable law that the holder of a Contested Claim must file a timely proof of Claim, and the Claim of any such Contested Creditor who is required to file a proof of Claim and fails to do so shall be discharged and shall receive no distribution through the Plan. The adjudication and liquidation of Contested Claims is a determination and adjustment of the debtor/creditor relationship, and is, therefore, an exercise of the Bankruptcy Court's equitable power to which the legal right of trial by jury is inapplicable. The holder of any Contested Claim shall not have a right to trial by jury before the Bankruptcy Court in respect of any such Claim. Exclusive venue for any Contested Claim proceeding shall be in the Bankruptcy Court or a court of competent jurisdiction located in Tarrant County, Texas. Contested Claims shall each be determined separately, except as otherwise ordered by the Bankruptcy Court. Texas Rule of Civil Procedure 42 and Federal Rule of Civil Procedure 23 shall not apply to any Contested Claim proceeding. The Debtor shall retain all rights of removal to federal court as to any Contested Claim proceeding. All Contested Claims shall be liquidated and determined as follows:

Unless otherwise ordered by the Bankruptcy Court or provided by the Bankruptcy Rules, any Objection to a Contested Claim shall be treated as a contested proceeding subject to Bankruptcy Rule 9014. However, any party may move the Bankruptcy Court to apply the rules applicable to adversary proceedings to any Claim Objection. The Debtor, however, may at its election, make and pursue any Objection to a Claim in the form of an adversary proceeding.

Unless otherwise ordered by the Bankruptcy Court, or if the Objection is pursued as an adversary proceeding, a scheduling order shall be entered as to each Objection to a Claim. The Debtor shall tender a proposed scheduling order with each Objection and include a request for a scheduling conference for the entry of a scheduling order. The scheduling order may include (i) discovery cut-off, (ii) deadlines to amend

pleadings, (iii) deadlines for designation of and objections to experts, (iv) deadlines to exchange exhibit and witness lists and for objections to the same, and (v) such other matters as may be appropriate.

The Bankruptcy Court may order the parties to mediate in connection with any Objection to a Claim. The Debtor may include a request for mediation in its Objection, and request the Bankruptcy Court require mediation as a part of the scheduling order.

Substantial Consummation

All Distributions of any kind made to any of the Creditors after Substantial Consummation and any and all other actions taken under the Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

Offsets

The Debtor shall be vested with and retain all rights of offset or recoupment and all counterclaims against any Claimant. Assertion of counterclaims by the Debtor against Claimants shall constitute a "core" proceeding.

Executory Contracts and Unexpired Leases

1. Executory Contracts and Unexpired Leases Assumed

All Executory Contracts or unexpired leases shall be deemed as assumed upon the Effective Date, unless expressly rejected through an order of the Bankruptcy Court. This Plan shall constitute a motion to assume all Executory Contracts unless otherwise expressly rejected. However, the Debtor may file a separate motion for the assumption or rejection of any Executory Contract at any time through the Effective Date. All Assumed Executory Contracts shall be assigned and assumed by the Debtor as of the Effective Date. The Debtor shall be responsible for the performance of all such Assumed Executory Contracts from and after the Effective Date.

2. Cure Payments and Release of Liability

All cure payments which may be required by section 365(b)(1) of the Bankruptcy Code under any Executory Contract that is assumed and assigned under this Plan, shall be made by the Debtor as soon as practical after the Effective Date unless other treatment is provided for such Claim hereunder; provided, however, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the ability of the Debtor to provide adequate assurance of future performance, or any other matter pertaining to assumption or assignment, the Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

3. Bar to Rejection Claims

Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an executory contract or an unexpired lease shall be forever barred and shall not be enforceable against the Debtor or the Assets, unless a proof of Claim is filed with the Bankruptcy Court and served upon the

Debtor by the earlier of thirty (30) days after the Confirmation Date or thirty (30) days after entry of the Final Order approving rejection of such contract or lease.

4. Rejection Claims

Any Rejection Claim not barred by paragraph 9.5 of the Plan shall be classified as a Class 3 Unsecured (General) Claim subject to the provisions of section 502(g) of the Bankruptcy Code; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date or upon the entry of the Confirmation Order, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. Nothing contained in the Plan shall be deemed an admission by the Debtor or the Debtor that such rejection gives rise to or results in a Claim or shall be deemed a waiver by the Debtor of any objections to such Claim if asserted.

Conditions Precedent to Confirmation and Effectiveness of Plan

1. Conditions to Confirmation and Effectiveness of Plan

The Plan shall not become effective until the following conditions shall have been satisfied or waived by the Debtor, as determined in its sole discretion: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) all other conditions precedent have been satisfied to the satisfaction of the Debtor, (c) the Bar Date has passed, and no additional Claims have been filed which, in the sole discretion of the Debtor's management, adversely impact the Plan, (d) a notice of the Effective Date has been filed by the Debtor and thereafter served upon all Creditors and parties in interest. Any or all of the above conditions may be waived at any time by the Debtor.

2. Revocation of Plan

The Debtor may revoke and withdraw the Plan at any time before the Effective Date. If the Debtor revokes or withdraws the Plan, or if confirmation of the Plan does not occur, then, the Plan shall be deemed null and void and nothing contained therein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor, as the case may be, or any other Person or to prejudice in any manner the rights of such Debtor, or Person in any further proceedings involving the Debtor.

Discharge and Plan Injunction

1. Discharge of Reorganized Debtor

The Debtor shall receive a discharge, but only after completion of all payments under the Plan.

2. Injunction

From and after the Effective Date, all holders of Claims shall be and are hereby permanently restrained and enjoined from: (a) commencing or continuing in any manner, any action or other proceeding of any kind with respect to any such Claim against the Debtor or any of the Assets; (b) commencing or continuing in any manner, directly of indirectly, any Claim against, or relating to, or to recover or assert any Claim against any of the Assets; (c) enforcing, attaching, collecting, or recovering or seeking in any manner

to enforce, attach, collect, or recover on any judgment, award, decree, or order as against any of the Assets or the Debtor, except pursuant to, and in accordance with, the Plan; (d) creating, perfecting, or enforcing any encumbrance of any kind either against any of the Assets or the Debtor; (e) asserting any control over, interest, rights or title in or to any of the Assets except as provided in the Plan; (f) asserting any setoff, or recoupment of any kind against any obligation due the Debtor as assignee, except upon leave of the Bankruptcy Court; and (g) performing any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; provided, however, that this injunction shall not bar any holder of a Claim or interest from asserting any right granted pursuant to this Plan; provided, further, however, that each holder of a Contested Claim shall be entitled to enforce its rights under the Plan, including seeking Allowance of such Contested Claim pursuant to the Plan.

3. Automatic Stay

The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor and all Assets. As of the Effective Date, as appropriate, the plan injunction contained in paragraph 11.2 of the Plan shall become effective.

Consummation Of The Plan

1. Retention of Jurisdiction

Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to this chapter 11 case and the Plan, for the purposes of sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine any and all Objections to or applications concerning the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense or Claim;

(b) To hear and determine any and all applications for payments of fees and expenses from the Debtor's estate made by attorneys or any other Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed from the Debtor's estate under the Bankruptcy Code, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of unexpired leases and executory contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any executory contract or unexpired lease;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including any remands or appeals, including without limitation the Adversaries and the Allowance of any Claim;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan or in connection with the enforcement of any remedies made available under the Plan, including without limitation,

(i) adjudication of all rights, interests or disputes relating to any of the Assets,
(ii) the valuation of all Collateral, including hearing all Valuation Motions,
(iii) the determination of the validity of any Lien or claimed right of offset; and
(iv) determinations of Objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;

(g) To administer Distributions to holders of Allowed Claims as provided in the Plan;

(h) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the discharge and injunction contained in paragraphs 11.1 and 11.2 of the Plan;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, implement, consummate, or enforce the terms and conditions of the Plan and the transactions required or contemplated pursuant hereto;

(l) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(m) To determine proceedings pursuant to section 505 of the Bankruptcy Code;

(n) To enter a final decree closing this chapter 11 case.

2. Abstention and Other Courts

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this chapter 11 case, paragraph 12.1 of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

3. Non-Material Modifications

The Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Debtor may undertake such nonmaterial modification pursuant to paragraph 12.3 of the Plan insofar as it does not adversely change the treatment of the Claim of any Creditor or the interest of any interest holder who has not accepted in writing the modification.

4. Material Modifications

Modifications of the Plan may be proposed in writing by the Debtor at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. The Plan may be modified at any time after confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. 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.

Miscellaneous Provisions

1. Severability

Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or interest or transaction, the Debtor may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the re-solicitation of any acceptance or rejection of the Plan.

2. Oral Agreements; Modification of Plan; Oral Representations or Inducements

The terms of the Plan, Disclosure Statement and Confirmation Order may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. The Plan may only be modified, amended or supplemented in writing signed by an authorized representative of the Debtor. Neither the Debtor nor its attorneys have made any representation, warranty, promise or inducement relating to the Plan or its confirmation except as expressly set forth in the Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

3. Waiver

The Debtor shall not be deemed to have waived any right, power or privilege pursuant to the Plan unless the waiver is in writing and signed by an authorized representative of the Debtor. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Debtor, of any right pursuant to the Plan, including the anti-waiver provisions in paragraph 13.3 of the Plan. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power or privilege.

4. Construction

The Plan shall control over any inconsistent term of the Disclosure Statement. The Confirmation Order shall control over any inconsistent provision of the Plan.

5. Notice

Any notice or communication required or permitted by the Plan shall be given, made or sent as follows:

(a) If to a Creditor, notice may be given as follows:

(i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or
(ii) if the Creditor has filed a proof of Claim, then to address reflected in the proof of Claim.
(b) If to the Debtor, notice shall be sent to the following address:

Wyldfire Energy Inc.
Ron L. Yandell
State Bar No. 22123200
Law Offices of Ron L. Yandell
705 Eighth St., Suite 720
Wichita Falls, Texas 76301
Telephone: (940) 761-3131
Facsimile: (940) 761-3133
ronyandelllaw@aol.com
ATTORNEY FOR DEBTOR AND DEBTOR IN POSSESSION

(c) If to the Creditor Trustee, at such address as may be hereafter designated;

(d) Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Debtor of its new address in accordance with the terms of paragraph 13.5 of the Plan.

(e) Any notice given, made or sent as set forth in paragraph 13.5 of the Plan shall be effective upon being

(i) deposited in the United States Mail, postage prepaid, addressed to the addressee at the address as set forth in paragraph 13.5 of the Plan;
(ii) delivered by hand or messenger to the addressee at the address set forth in paragraph 13.5 of the Plan;
(iii) telecopied to the addressee as set forth in paragraph 13.5 of the Plan, with a hard confirmation copy being immediately sent through the United States Mail; or
(iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

6. Setoffs

The Debtor may, but shall not be required to, set off against any Claim and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor of any such claim that they may have against such holder.

7. Compliance with All Applicable Laws

If notified by any governmental authority it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Debtor shall comply with such law, rule, regulation, or order; provided that nothing contained in the Plan shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings and, if appropriate, an adequate reserve has been set aside on the books of the Debtor.

8. Duties to Creditors

No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy estate or Debtor for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's bankruptcy case, including all matters or actions in connection with or relating to the administration of the estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

9. Binding Effect

The Plan shall be binding upon, and shall inure to the benefit of the Debtor, the holders of the Claims or Liens, the holders of interests, and their respective successors in interest and assigns.

10. Governing Law, Interpretation

Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

11. Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on or before the Effective Date, and thereafter shall be paid as such statutory fees become due by the Debtor.

12. Filing of Additional Documents

On or before Substantial Consummation of the Plan, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

13. Computation of Time

If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

14. Elections by the Debtor

Any right of election or choice granted to the Debtor under the Plan may be exercised, at the Debtor's election, separately as to each Claim, Creditor or Person.

15. Release of Liens

Except as otherwise provided in the Plan or the Confirmation Order, all Liens against any of the Assets shall be deemed to be released, terminated and nullified.

16. Debtor's Management

The Debtor's management may be changed as necessary to accomplish the Plan without such change being a default under the Plan, as of the Effective Date.

17. Retiree Benefits

To the extent that the Debtor has obligated itself to provide retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, then from and after the Effective Date, the Debtor shall continue to pay all such retiree benefits at the level established pursuant to section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code, as the case may be, for the duration of the period the Debtor has obligated itself to provide any such retiree benefits.

18. Rates

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE PLAN AND ITS RELATED TAX CONSEQUENCES ARE COMPLEX. MOREOVER, MANY OF THE INTERNAL REVENUE CODE PROVISIONS DEALING WITH THE FEDERAL INCOME TAX ISSUES ARISING FROM THE PLAN HAVE BEEN THE SUBJECT OF RECENT LEGISLATION AND, AS A RESULT, MAY BE SUBJECT TO AS YET UNKNOWN ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS. THE DEBTOR HAS NOT REQUESTED A RULING FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR AN OPINION OF COUNSEL WITH RESPECT TO THESE MATTERS. ACCORDINGLY, NO ASSURANCE CAN BE GIVEN AS TO THE INTERPRETATION THAT THE IRS WILL ADOPT. THERE ALSO MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED

TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND OTHER TAX LAWS.

IX. CONFIRMATION OF THE PLAN

Solicitation of Votes; Voting Procedures

1. Ballots and Voting Deadlines

A Ballot to be used for voting to accept or reject the Plan, together with a postage-paid return envelope, is enclosed with all copies of this Disclosure Statement mailed to all holders of Claims and interests entitled to vote. BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT. The Bankruptcy Court has directed that, in order to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be received no later than 4:30 p.m., Central Time, on January 7, 2013 at the following address:

Ron L. Yandell
State Bar No. 22123200
Law Offices of Ron L. Yandell
705 Eighth St., Suite 720
Wichita Falls, Texas 76301
Telephone: (940) 761-3131
Facsimile: (940) 761-3133
ronyandelllaw@aol.com
ATTORNEY FOR DEBTOR

YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER 4:30 P.M., CENTRAL TIME, ON January 7, 2013.

2. Parties in Interest Entitled to Vote

The holder of a Claim or interest may vote to accept or reject the Plan only if the Plan impairs the Class in which such Claim or interest is classified. Under the Plan, Classes 1, 2, 3, 4, and 5 are impaired. Therefore, all holders of Claims in these Classes may vote to accept or reject the Plan. Classes 6 and 7, although impaired, may not vote.

Any Claim or interest as to which an Objection has been filed is not entitled to vote unless the Bankruptcy Court, upon application of the holder to whose Claim or interest an Objection has been made, temporarily allows such Claim or interest in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before commencement of the Confirmation Hearing. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT COUNSEL FOR THE DEBTOR AT THE FOLLOWING ADDRESS:

Ron L. Yandell
State Bar No. 22123200
Law Offices of Ron L. Yandell
705 Eighth St., Suite 720
Wichita Falls, Texas 76301
Telephone: (940) 761-3131
Facsimile: (940) 761-3133
ronyandelllaw@aol.com
ATTORNEY FOR DEBTOR
AND DEBTOR IN POSSESSION

3. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount and a majority in number of the holders of claims voting cast their ballots in favor of acceptance. The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the interests of that class that actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount of the holders of interests voting cast their ballots in favor of acceptance.

Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. By order of the Bankruptcy Court, the Confirmation Hearing has been scheduled for January 16, 2013, at 9:30 a.m. Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Wichita Falls Division. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court at the following address:

Office of the Clerk
U.S. Bankruptcy Court
Room 1254
1100 Commerce St
Dallas, Texas 75242

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT. The Court has established January 16, 2013 at 9:00 a.m. as the date for hearing on confirmation of the Debtor's Plan. Objections to confirmation must be filed by 4:30 p.m., Central Time on January 7, 2013. In addition, any such objection must be served upon the following parties, together with proof of service, on or before such time:

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DEBTOR IN POSSESSION

United States Trustee
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Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponents of the plan complied with the applicable provisions of the Bankruptcy Code.
3. The plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or promised by the debtor, by the plan proponent, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.
5. (a) (i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and
   (ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and
   (b) the proponent of the plan has disclosed the identity of any Insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.
6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.
7. With respect to each impaired class of claims or interests:

(a) each holder of a claim or interest of such class has accepted the plan or will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or

(b) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

8. With respect to each class of claims or interests:

(a) such class has accepted the plan; or

(b) such class is not impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive:

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash:

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and

(d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in 9(c) above.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under 28 U.S.C. section 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.
13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the Debtor has obligated itself to provide such benefits.
14. If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.
15. In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan:
    (a) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or
    (b) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2) of the Bankruptcy Code) to be received during the five year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.
16. All transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

The Debtor believes that holders of all Allowed Claims and interests impaired under the Plan will receive payments under the Plan having a present value, as of the Effective Date, not less than the amounts likely to be received if the Debtor was liquidated in a case under chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed interests would receive greater distributions under the Plan than they would receive in a liquidation under chapter 7. These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

Cramdown

In the event that any impaired Class of Claims or interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that Class. A plan of reorganization "does not discriminate unfairly" within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its claims or interests.

"Fair and equitable" has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

1. With respect to a class of secured claims, the plan provides:

   (a) (i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and

   (ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property;

   (b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or

   (c) the realization by such holders of the "indubitable equivalent" of such claims.

2. With respect to a class of unsecured claims, the plan provides:

   (a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or
   (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115 of the Bankruptcy Code, subject to the requirements of section 1129(a)(14) of the Bankruptcy Code.

3. With respect to a class of interests, the plan provides:

   (a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or
   (b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

In the event that one or more Classes of impaired Claims or interests reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of Claims or interests. For the reasons set forth above, the Debtor believes the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired Class of Claims or interests.

X. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim or interest of the Plan and this Disclosure Statement as a whole with such holder's own advisors.

Variances from Projections

While the Debtor is very confident regarding the projections in support of the Plan, there are various risk factors that must be considered.

1. General

The Plan is premised in part upon the sale of the Assets by the Debtor. Those Assets consist, in substantial part, of leases which have a limited "shelf life". If those leases expire without a sale the Debtor's investment in them will be lost. If the sale of the Assets by the Debtor is not consummated, then the Debtor will be unable to fulfill its obligations under the Plan.

Another risk is that, due to developments beyond the Debtor's control, the overriding royalties and working interests held by the Debtor may not be fully developed or the price received from production of such overrides or working interests may be less than anticipated due to general market conditions.

Another risk is that the price received by the Debtor for its produced hydrocarbons, or the volume of such products, may fluctuate downward with consequences to the Debtor's ability to perform under the Plan.

Bankruptcy Risks

1. Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims or interests is given the opportunity to vote to accept or reject the Plan. With regard to such impaired voting Classes, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by Claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (½) in number of the total Allowed Claims of the Class voted. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtor reserves the right to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims or interests has not accepted the Plan. However, there can be no assurance that any impaired Class of Claims or interests under the Plan will accept the Plan or that the Debtor would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

2. Confirmation Risks

The following specific risks exist with respect to confirmation of the Plan:

(a) Any objection to confirmation of the Plan can either prevent confirmation of the Plan, or delay such confirmation for a significant period of time.

(b) Since the Debtor may be seeking to obtain approval of the Plan over the rejection of one or more impaired Classes of Claims, the cramdown process could delay confirmation.

3. Conditions Precedent

Confirmation of the Plan and occurrence of the Effective Date are subject to certain conditions precedent that may not occur. The Debtor, however, is working diligently with all parties in interest to ensure that all conditions precedent are satisfied.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor has evaluated several reorganization alternatives to the Plan, including the liquidation of the Debtor. After studying these alternatives, the Debtor concluded that the Plan is the best alternative and will maximize recoveries by holders of Claims, assuming confirmation of the Plan and consummation of the transactions contemplated by the Plan. The following discussion provides a summary of the Debtor's analysis leading to its conclusion that the Plan will provide the highest value to holders of Claims.

The Liquidation of the Debtor

The Debtor analyzed whether a chapter 7 liquidation of the Assets of the Debtor would be in the best interest of holders of Claims. That analysis reflects a liquidation value that is materially lower than the value that may be realized through the Plan. The Debtor believes that liquidation would result in substantial diminution in the value to be realized by holders of Claims because of (a) the failure to realize the greater going-concern value of the Debtor's Assets; (b) additional administrative expenses involved in the appointment of a trustee or trustees, attorneys, accountants, and other professionals to assist such trustee(s) in the case of a chapter 7 proceeding; (c) additional expenses and claims, some of which would be entitled to priority in payments, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtor's operations; and (d) the substantial time which would elapse before Creditors would receive any distribution in respect of their Claims. In the event of a liquidation, the Debtor estimates that holders of Unsecured (General) Claims would receive a much smaller recovery, if any, on their Claims, as compared to the recovery they will receive under the Plan.

The Debtor's schedules reflect a large value, tens of millions of dollars, for all of its Assets if developed in an orderly fashion. Absent such orderly development the attorney for one adverse creditor has speculated that the overrides and working interests might be worth as little as 4-5 million. While the Debtor continues to feel the schedule figure is more appropriate, the risk to the Debtor's performance is real.

Much of the Debtor's business was done upon a "handshake" giving "field credit". The Debtor has advanced many hundreds of thousands of dollars, if not millions, to individuals and entities who have invested that money in leases that have not yet been sold and are not subject to formal assignments of any interest. The Debtor is in the best possible position to realize upon those Assets and recover those investments.

The amount available for Unsecured (General) Claims in a chapter 7 liquidation would be smaller as administrative costs necessary to get a trustee "up to speed" to recoup Assets would likely be substantial.

One of the valuable Asset classes of the Debtor that would be liquidated in a chapter 7 proceeding is the Debtor's accounts receivable. The Debtor believes that collection of its accounts receivable by a chapter 7 trustee may yield a recovery less than the value of the accounts receivable as reflected in the Debtor's Schedules and that a chapter 7 trustee may be less successful in collection of the accounts receivable than would the Debtor.

Furthermore, the Debtor believes that a chapter 7 trustee would likely incur expenses associated with the collection of accounts receivable (such as attorney's fees) that the Debtor would not, thereby further diminishing the amount that would ultimately be available for distribution to Creditors in a liquidation scenario. The Plan, on the other hand, provides for full payment of all Unsecured (General) Claims against the Debtor. The Debtor also notes that in a liquidation scenario the jobs of approximately 10 contract employees would be lost.

For a more in depth discussion of the potential scenarios involving liquidation please see Exhibit "D" attached hereto.

Alternatives if the Plan is Not Confirmed

If the Plan is not confirmed, the Debtor or any other party in interest in this chapter 11 case could attempt to formulate and propose a different plan or plans of reorganization. Such plans might involve either a reorganization and continuation of the Debtor's businesses, a sale of the Debtor's business as a going concern, an orderly liquidation of the Debtor's Assets, or a combination thereof. Further, if no plan of reorganization can be confirmed, this chapter 11 case may be converted to a liquidation proceeding under chapter 7 of the Bankruptcy Code. In a chapter 7 case, a trustee would be elected or appointed to liquidate the Assets of the Debtor. The proceeds of the liquidation would be distributed to the Creditors of the Debtor in accordance with the priorities established by the Bankruptcy Code.

XII. CONCLUSION

The Debtor urges holders of Claims in impaired Classes to vote to **ACCEPT** the Plan and to evidence such acceptance by returning their Ballots so that they will be received on or before 4:30 p.m., Central Time, on January 7, 2013.

Dated: December 10, 2012.

Respectfully submitted,

WYLDFIRE ENERGY, INC.
Debtor in Possession

By:/s/ Tamara L. Ford
Tamara L. Ford, President

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