UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
CDX GAS, LLC, et al.,	)	Case No. 08-37922
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT FOR THE DEBTORS' PROPOSED JOINT PLAN OF REORGANIZATION

IMPORTANT DATES

- Date by which Ballots must be received: [____] p.m., prevailing _____ Time, [____], 2009
- Deadline by which objections to Confirmation of the Plan must be Filed and served: [____] a.m./p.m., prevailing _____ Time, [____], 2009
- Hearing on Confirmation of the Plan: [____], prevailing _____ Time, [____], 2009

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

Dated: June 11, 2009

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THE PLAN VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN DESCRIBED HEREIN IS _____, 2009 AT _____, PREVAILING _____ TIME, UNLESS THE DEBTORS EXTEND THIS DATE PRIOR TO THE PLAN VOTING DEADLINE. TO BE COUNTED, THE VOTING AGENT MUST RECEIVE YOUR BALLOT OR MASTER BALLOT ON OR BEFORE THE PLAN VOTING DEADLINE.

PLEASE READ THIS IMPORTANT INFORMATION

THE BANKRUPTCY CODE REQUIRES THAT THE PARTY PROPOSING A CHAPTER 11 PLAN OF REORGANIZATION PREPARE AND FILE A DOCUMENT WITH THE BANKRUPTCY COURT CALLED A "DISCLOSURE STATEMENT." THIS DOCUMENT IS THE DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") FOR THE PLAN DESCRIBED HEREIN. THE DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS, EACH OF WHICH ARE INCORPORATED INTO AND MADE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

[THE BANKRUPTCY COURT HAS REVIEWED THIS DISCLOSURE STATEMENT, AND HAS DETERMINED THAT IT CONTAINS ADEQUATE INFORMATION AND MAY BE SENT TO YOU TO SOLICIT YOUR VOTE TO ACCEPT THE PLAN.]

ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS CITED HEREIN AND THE PLAN ATTACHED HERETO, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT WERE MADE AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE SET FORTH ON THE COVER PAGE HEREOF. HOLDERS OF CLAIMS AND INTERESTS MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT SOLELY FOR PURPOSES OF SOLICITING HOLDERS OF CLAIMS AND INTERESTS TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY SUCH LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT AND THE PLAN. MOREOVER, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER.

THE DEBTORS HAVE NOT AUTHORIZED ANY PARTY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OR THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT RELY UPON ANY OTHER INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN ACCEPTANCE OR REJECTION OF THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN HAS BEEN FILED WITH OR REVIEWED BY, AND THE NEW EQUITY TO BE ISSUED PURSUANT TO THE PLAN WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW ("BLUE SKY LAW"). THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF THE NEW EQUITY BEING ISSUED PURSUANT TO THE PLAN CONSULT THEIR OWN ADVISORS CONCERNING ANY RESTRICTIONS ON HOLDING OR THE TRANSFERABILITY OF SUCH EQUITY.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, CERTAIN OTHER DOCUMENTS, AND CERTAIN FINANCIAL INFORMATION. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS OR FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE PLAN, OR SUCH OTHER DOCUMENTS, AS APPLICABLE, SHALL GOVERN FOR ALL PURPOSES.

THE DEBTORS PROVIDE NO ASSURANCE THAT THE DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT WILL NOT CONTAIN DIFFERENT, ADDITIONAL, MATERIAL TERMS THAT DO NOT APPEAR IN THIS VERSION OF THE DISCLOSURE STATEMENT. THEREFORE, MAKING INVESTMENT DECISIONS BASED UPON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS ATTACHED HERETO, IS HIGHLY SPECULATIVE, AND SUCH MATERIALS SHOULD NOT BE RELIED UPON IN MAKING INVESTMENT DECISIONS WITH RESPECT TO (1) THE DEBTORS OR (2) ANY OTHER PARTIES THAT MAY BE AFFECTED BY THE CHAPTER 11 CASES.

THE FOLLOWING STATEMENTS ARE QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE PLAN.

CDX Acquisition Company LLC ("Acquisition"), CDX Gas, LLC ("CDX Gas"), a direct, wholly-owned subsidiary of Acquisition, and certain other direct or indirect subsidiaries of Acquisition, are debtors and debtors-in-possession in the above-captioned chapter 11 cases. The Debtors are primarily engaged in the exploration, development and production of onshore North American unconventional natural gas reservoirs located in coal, shale and tight sandstone formations.

On December 12, 2008, (the "Petition Date"), certain of the Debtors[1] filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), commencing cases in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). On April 1, 2009 certain other of the Debtors[2] filed for relief under Chapter 11 of the Bankruptcy Code. By order of the Bankruptcy Court, the Chapter 11 Cases are being jointly administered for procedural purposes only.

Pursuant to sections 1107(a) and 1108 of title 11 of the Bankruptcy Code, the Debtors are continuing to operate their businesses and manage their properties as debtors-in-possession in the Chapter 11 Cases.

On _____, 2009, the Reorganizing Debtors filed the proposed joint plan of reorganization attached hereto as Exhibit A (as amended, modified or supplemented from time to time, the "Plan") and this Disclosure Statement with the Bankruptcy Court. On [_____], 2009, the Bankruptcy Court approved the adequacy of the Disclosure Statement, which allowed the Reorganizing Debtors to commence soliciting votes from creditors entitled to accept or reject the Plan.

This Disclosure Statement describes certain aspects of the Plan, the Debtors' operations, their financial condition, including financial projections, as well as other related matters, including the treatment of holders of claims against the Reorganizing Debtors and equity interests therein. The Disclosure Statement also describes certain potential federal income tax consequences to such holders, voting procedures and the confirmation process.

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[1] The entities filing bankruptcy cases on December 12, 2008 are: (1) CD Exploration, LLC ("CD Exploration"), (2) Acquisition, (3) CDX Barnett, LLC ("CDX Barnett"), (4) CDX Bishop Creek, LLC ("CDX BC"), (5) CDX East, LLC ("CDX East"), (6) CDX Gas International, LLC ("CDX International"), (7) CDX Gas (8) CDX Isolate, LLC ("CDX Isolate"), (9) CDX Minerals, LLC ("CDX Minerals"), (10) CDX North America, LLC ("CDX NA"), (11) CDX Operating, LLC ("CDX Operating"), (12) CDX Panther, LLC ("CDX Panther"), (13) CDX Plum Creek, JV ("CDX Plum Creek"), (14) CDX Sequoya, LLC ("CDX Sequoya"), (15) CDX Services, LLC ("CDX Services"), (16) CDX Shale, LLC ("CDX Shale"), (17) CDX Tapicito, LLC ("CDX Tapicito"), and (18) CMV Joint Venture ("CMV JV").

[2] The entities filing bankruptcy cases on April 1, 2009 are: (1) Arkoma Gathering, LLC ("Arkoma Gathering"), (2) Cahaba Gathering, LLC ("Cahaba Gathering"), (3) CDX Canada Company ("CDX Canada") and (4) CDX Rio, LLC ("CDX Rio"). On May 22, 2009, Arkoma Gathering filed its *Debtor's Motion to Dismiss Voluntary Petition* (Dkt. No. 606) that is currently pending before the Bankruptcy Court.

The Reorganizing Debtors are furnishing this Disclosure Statement as the proponents of the Plan pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of votes (the "Solicitation") to accept or reject the Plan, as it may be amended or supplemented from time to time in accordance with the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). **Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meanings ascribed to such terms in the Plan.**

The Reorganizing Debtors submit that the Plan maximizes the Reorganizing Debtors' value and that any alternative to confirmation of the Plan, such as liquidation or an alternative plan, would result in significant delays, litigation and additional costs.

The Reorganizing Debtors believe that the Plan's contemplated reorganization is in the best interests of their Creditors and Holders of Equity Interests. If the Plan were not to be confirmed, the Reorganizing Debtors believe that they would be forced to either file an alternate plan of reorganization (assuming that the Reorganizing Debtors could continue to access cash collateral or obtain debtor-in-possession financing) or liquidate under chapter 7 or 11 of the Bankruptcy Code.

Separate Plans

Although styled as a "joint plan," the Plan consists of up to three separate plans, one for each of the Reorganizing Debtors. Consequently, except as otherwise expressly provided in the Plan and described in the Disclosure Statement, for purposes of voting on the Plan and receiving distributions under the Plan, votes will be tabulated separately for each of the Reorganizing Debtors with respect to each Reorganizing Debtor's Plan and distributions will be made separately to each separate class as provided in the Plan. At the Confirmation Hearing, the Debtors will seek confirmation of three separate plans. A failure to confirm any one or more of the plans shall not affect other plans confirmed by the Bankruptcy Court. The cases of CDX Gas International, CDX Services, CDX BC, CDX Sequoya, Cahaba Gathering, CDX Isolate and CDX Operating will be converted to Chapter 7 liquidation upon the Effective Date. CDX Minerals, CDX Panther and CDX Plum Creek shall be merged with and into CDX Gas with any Claims against any of the CDX Gas Merging Entities to be considered as Claims against CDX Gas. CDX East and CMV JV shall be merged with and into CD Exploration with any Claims against any of the CD Exploration Merging Entities to be considered as Claims against CD Exploration.

Any reference to the "Plan" is to be construed as a reference to the particular Plan of a particular Reorganizing Debtor. Any reference to Reorganizing Debtor or Reorganizing Debtors is to be construed as a reference to the particular Reorganizing Debtor or Reorganizing Debtors regarding a particular Plan.

Solicitation Package

Article V of the Disclosure Statement specifies the deadlines, procedures and instructions for voting to accept or reject the Plan and the applicable standards for tabulating Ballots. An appropriate return envelope will be included with each Ballot, which Holders must use to return their Ballots to ensure their votes will be counted.

The Debtors have engaged Epiq Bankruptcy Solutions, LLC as, among other things, a solicitation and balloting agent, (the "Solicitation Agent") to assist in the voting process. The Solicitation Agent will answer questions, provide additional copies of materials, and process and tabulate Ballots. The addresses of the Solicitation Agent are:

If by U.S. Mail:

CDX Gas. LLC Balloting Center
c/o Epiq Bankruptcy Solutions, LLC
FDR Station, P.O. Box 5014
New York, NY 10150-5014

If by Courier/Hand Delivery:

CDX Gas, LLC Balloting Center
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, Third Floor
New York, NY 10017

The Solicitation Package (as defined below) (except for Ballots) may also be obtained at no cost by accessing the website at http://chapter11.epiqsystems.com/cdx, by requesting a copy from the Solicitation Agent by writing to one of the addresses above, or by calling 1-646-282-2500.

IN ORDER THAT YOUR BALLOT BE COUNTED, THE SOLICITATION AGENT MUST RECEIVE YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN PRIOR TO [__]:00 P.M., [_____] TIME, ON [_____], 2009.

HOLDERS MUST CAST THEIR BALLOTS IN ACCORDANCE WITH THE SOLICITATION PROCEDURES SET FORTH IN ARTICLE V OF THIS DISCLOSURE STATEMENT. ANY BALLOT RECEIVED AFTER THE PLAN VOTING DEADLINE WILL NOT BE COUNTED.

The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan. The Bankruptcy Court has scheduled the Confirmation Hearing to commence on _____, 2009, at _____ prevailing Central Standard Time, before the Honorable Letitia Paul, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of Texas, located at Courtroom 401, 4th Floor, 515 Rusk Avenue, Houston, Texas 77002. The Confirmation Hearing may be adjourned from time to time without further notice.

Objections to confirmation of the Plan must be filed and served on the Reorganizing Debtors, and certain other parties, on or before [_____], 2009, at 4:00 p.m., prevailing Central Standard Time, in accordance with the order approving this Disclosure Statement (the "Disclosure Statement Order"), attached hereto as Exhibit E. **THE BANKRUPTCY COURT MAY NOT CONSIDER OBJECTIONS TO CONFIRMATION OF THE PLAN THAT HAVE NOT BEEN TIMELY SERVED AND FILED IN COMPLIANCE WITH THE TERMS OF THE DISCLOSURE STATEMENT ORDER.**

Confirming and Consummating the Plan

It shall be a condition to Confirmation of the Plan that all provisions, terms and conditions of the Plan are approved in the Confirmation Order, in form and substance reasonably satisfactory to the Reorganizing Debtors and the Second Lien Debt Agent and, as to the Exit Financing, the provisions of the Confirmation Order applying to the Exit Financing are acceptable to the Exit Financing Agent. In addition, certain other conditions contained in the Plan shall be satisfied or waived for the Plan to be confirmed and consummated pursuant to the provisions of Article VIII of the Plan.

For further information, see Article III of this Disclosure Statement – "SUMMARY OF JOINT PLAN OF REORGANIZATION – Conditions Precedent to Confirmation and Consummation of the Plan."

Risk Factors

Prior to deciding whether and how to vote on the Plan, creditors entitled to vote should review this Disclosure Statement carefully and in its entirety, especially the risk factors in Article VIII hereof.

Recommendation

The Board of Directors of Acquisition, on its behalf and the behalf of the other Reorganizing Debtors, has unanimously approved the solicitation, the Plan, and the transactions contemplated thereby and recommend that all voting creditors submit Ballots to accept the Plan.

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ARTICLE I.

BACKGROUND

Section 1.01 Introduction

The Reorganizing Debtors are providing this Disclosure Statement to you pursuant to section 1125 of the Bankruptcy Code for use in connection with (i) the solicitation of acceptances or rejections of the Debtors' Plan and (ii) the Confirmation Hearing scheduled for _____, 2009, at _____ a.m. prevailing _____time.

The Reorganizing Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. No materials other than the Disclosure Statement and any exhibits and schedules attached thereto or referenced therein have been authorized by the Debtors for use in soliciting acceptances or rejections of the Plan. A copy of the Plan is attached hereto as Exhibit A.

The Reorganizing CDX Gas Debtors are primarily engaged in the exploration, development and production of onshore North American unconventional natural gas reservoirs located in coal, shale and tight sandstone formations. The Reorganizing CDX Gas Debtors' mineral properties are located primarily in the continental United States.

Section 1.02 The Debtors' Corporate Structure

The Debtors are comprised of multiple affiliated entities, each organized under U.S. law. In addition, the Debtors have one foreign non-debtor affiliate organized under the laws of Canada.

A chart reflecting the Debtors' and their non-debtor affiliates' organizational structure as of the Petition Date is attached hereto as Exhibit B. Acquisition was formed as a limited liability company under Delaware law in 2006 and is the ultimate parent entity. Acquisition owns 100% of the voting and economic membership interests of CDX Gas, which in turn, owns directly or indirectly the ownership interests in the various other entities, all as shown on Exhibit B. For federal (and state, where applicable) income tax purposes, Acquisition is treated as a partnership, and the remaining Debtors (other than CDX Canada, a Canadian corporation) are, for such purposes, disregarded as separate from Acquisition (if wholly-owned by CDX Gas and its Affiliates) or are treated as partnerships (if partially owned by CDX Gas and its Affiliates).

Section 1.03 The Debtors' History

CDX Gas, a Delaware limited liability company, is a privately held energy company with corporate headquarters in Houston, Texas, and it and certain of its Affiliates are focused on exploration, development and production of natural gas from onshore unconventional natural gas reservoirs located in coal, shale and tight sandstone formations. CDX Gas develops most of its drilling inventory through the use of large-scale repetitive drilling programs and with proprietary drilling technology. CDX Gas' operations are primarily located in the continental United States. In addition, CDX Gas has historically owned and/or operated conventional oil and gas properties.

In March 2006, MR Exploration Ventures, LLC (f/k/a CDX, LLC) ("MRE Ventures"), formed a wholly owned limited liability company, CDX Holdings, LLC ("Holdings"). MRE Ventures then contributed 100% of all of its interests in certain subsidiaries to Holdings. Investment funds managed by Trust Company of the West and Citigroup formed Acquisition. Acquisition agreed to acquire through a combination of equity funds and new debt facilities Holdings from MRE Ventures for $835 million less certain adjustments including an approximate 33% retained interest by MRE Ventures in Acquisition. In May 2006, Holdings was merged into CDX Gas.

Subsequent to the transactions described above, management of CDX Gas decided to narrow its focus to certain core areas and business activities. Pursuant to this strategy, CDX Gas undertook the disposition of its non-core assets, which included gas and oil properties located in Canada, a drilling services business in India, drilling and directional services operations and various domestic acreage positions. Proceeds from the sale of these non-core assets were used (i) to pay down the principal balance of CDX Gas' revolving credit and (ii) to the extent allowed under the First Lien Debt Loan Documents, reinvested in CDX Gas' business.

As of the date of this Disclosure Statement, the Reorganizing CDX Gas Debtors produce approximately 30 MMcfe per day, 100% of which is natural gas. CDX Gas owns proprietary horizontal drilling and completion technology, has more than 60 patents awarded in the United States and has 40 international patents. CDX Gas is a technological leader in the extraction of methane from coal bed reservoirs.

Section 1.04 The Reorganizing CDX Gas Debtors' Business

The Reorganizing CDX Gas Debtors' business is conducted primarily through CDX Gas and its directly and indirectly owned subsidiaries and affiliates. The Reorganizing CDX Gas Debtors are primarily engaged in the exploration, development and production ("Mineral Activities") of onshore North American unconventional natural gas reservoirs located in coal, shale and tight sandstone formations. While the Reorganizing CDX Gas Debtors produce and sell primarily natural gas, they have also historically produced and sold other hydrocarbon products such as natural gas liquids and oil (collectively, the "Hydrocarbon Production"). The Reorganizing CDX Gas Debtors' operations span major basins of the United States, including the Appalachian, Black Warrior, Piceance and Uinta basins. The Reorganizing CDX Gas Debtors' business is organized on a geographic regional basis. As of the date hereof, the Reorganizing CDX Gas Debtors have operations in the following regions:

- Northeast: Pennsylvania and West Virginia
- Mid-Continent: Texas
- South: Alabama and Tennessee
- West: Colorado and Utah

In conducting some of its Mineral Activities, the Reorganizing CDX Gas Debtors utilize proprietary and environmentally sensitive drilling and completion technology known in the

industry as Z-Pinnate technology. The Reorganizing CDX Gas Debtors believe that the Z-Pinnate technology gives them the ability to achieve superior returns from reservoirs that other producers cannot develop economically and, thus, gives the Reorganizing CDX Gas Debtors a competitive advantage in the acquisition and development of certain mineral properties. In addition, the Reorganizing CDX Gas Debtors believe the Z-Pinnate proprietary technology has the potential to provide a source of cash flow through licensing agreements and can serve as a type of "currency" for the Reorganizing CDX Gas Debtors in acquisitions and joint ventures. CDX Gas owns the Z-Pinnnate technology and such technology is pledged as collateral for the First Lien Debt Loan and the Second Lien Debt Loan.

As of January 1, 2009, the Reorganizing Debtors had proven reserves of 60 Bcfe. Approximately 100% of the Reorganizing CDX Gas Debtors reserves are natural gas and approximately 78% are proved developed. The Reorganizing CDX Gas Debtors own interests in approximately 1,000 producing wells. In addition, as of the Effective Date, the Reorganizing CDX Gas Debtors expect to hold an interest in approximately 92,637 gross (60,760 net) developed acres and in approximately 467,103 gross (295,843 net) undeveloped acres. Collectively, the various interests owned by the Reorganizing CDX Gas Debtors are referred to as the "Mineral Properties."

Section 1.05 The Reorganizing CDX Gas Debtors' Employees

As of December 9, 2008, the Reorganizing CDX Gas Debtors had 142 employees. Prior to the commencement of the Chapter 11 Cases, the Reorganizing CDX Gas Debtors reduced personnel by 42 employees effective December 31, 2008. The Reorganizing CDX Gas Debtors believe they have a highly qualified and experienced work force that is competitive with industry in the areas the Reorganizing CDX Gas Debtors operate. The Reorganizing CDX Gas Debtors anticipate a further reduction of approximately 50 employees as a result of the EnerVest transactions (see Section 2.02(j) for further discussion of the EnerVest transactions).

Section 1.06 The Debtors' Current Management

The Debtors' current management team is composed of professionals with significant years of experience in the oil and gas industry and corporate development. The executive officers of the Debtors are as follows:

Name	***Position***	***Relevant Experience***
Robert McBride	Chief Executive Officer, President	Has served as Chief Executive Officer of CDX Gas since February 2007 and was named President of CDX Gas in December 2006. Mr. McBride has over 30 years of operational and management experience in the oil and gas industry and has previously served in management positions for Westport Resources Corporation, Pennzoil Company, American Exploration Company, British Gas and Tenneco Inc. Mr.

Name	*Position*	*Relevant Experience*
		McBride's experience includes most of the oil and gas producing basins in the continental United States as well as internationally in the North Sea, North and West Africa and South America. Mr. McBride graduated from the University of Southwestern Louisiana (now University of Louisiana-Lafayette) with a Bachelor of Science in Petroleum Engineering.
Ed Donahue	Executive Vice President, Chief Financial Officer	Mr. Donahue served as Chief Financial Officer and Senior Vice President from March 2005 until December 11, 2008. Effective December 11, 2008, he was promoted to Executive Vice President and retained the title of Chief Financial Officer with CDX Gas. Mr. Donahue has over 32 years experience in the oil and gas industry. Mr. Donahue has extensive experience in capital raising, asset acquisitions, corporate restructuring and divestitures and has initiated and closed over $4.5 billion in complex public and private debt and energy transactions. He previously served as chief financial officer for Elk Resources, Inc. and TransTexas Gas Corporation. Mr. Donahue graduated with a B.S.B.A. in Accounting from Nichols College and with an MBA in Taxation from New York University. He began his career with Arthur Andersen.
Mike McCown	Executive Vice President, Chief Operating Officer	Mr. McCown has served as Senior Vice President-Operations for CDX Gas from November 2007 until January 21, 2009. Effective January 21, 2009, he was promoted to the positions of Executive Vice President and Chief Operating Officer. Mr. McCown has been with CDX Gas since 2006 holding the positions of Senior Vice President and Region Manager of the Northeast and West Regions of CDX Gas and Senior Vice President-Operations prior to being appointed to his current position. Mr. McCown has over 30 years' experience in drilling and operations throughout the

Name	*Position*	*Relevant Experience*
		continental United States, including experience in the Uintah, Permian and Appalachian basins. Mr. McCown previously held senior positions with Pennzoil Company, Devon Energy Corporation and EOG Resources, Inc. Mr. McCown graduated from Ohio University with a B.S. in Civil Engineering and is a Registered Professional Petroleum Engineer.

Section 1.07 Post-Confirmation Management

As discussed in more detail in Section 3.02(e), the Post-Confirmation Management will be disclosed in the Plan Supplement. The Reorganizing Debtors currently believe that several of the members of its current management team will continue their employment with the Reorganized Debtors and will either (i) amend their existing employment contracts, which will be assumed by the Reorganized Debtors, or (ii) terminate their existing employment contracts and enter into new employment arrangements to be effective as of the Effective Date. Details regarding all such amended or new contracts or arrangements (and/or copies of the amended or new contracts or arrangements) will be provided in the Plan Supplement.

Section 1.08 The Debtors' Prepetition Secured Indebtedness

(a) First Lien Debt Loan

CDX Gas, as successor to CDX Funding, LLC by merger, is the borrower under that certain First Lien Credit Agreement dated as of March 31, 2006 among CDX Gas, Acquisition, the Bank of Montreal, as administrative agent, and the other First Lien Debt Lenders (as may have been amended from time to time) (the "First Lien Debt Credit Agreement"). The First Lien Debt Loan is a $150 million senior secured revolving credit facility with an original maturity date of March 31, 2011, which has been accelerated to September 30, 2008 pursuant to that certain Forbearance Agreement and Amendment 2 dated May 1, 2008. As of the Petition Date, amounts owed under the First Lien Debt Loan were approximately $105.0 million of principal outstanding and $0.9 million of accrued interest and attorneys' fees. The First Lien Debt Loan is secured by, among other things, a first priority, perfected lien on certain of the Debtors' and/or certain other affiliates' oil and gas properties. Prior to the filing of these bankruptcy cases, the following affiliates of CDX Gas have either (i) guaranteed and pledged assets or (ii) pledged assets to guarantee, and/or secure, repayment of the First Lien Debt Loan: Acquisition, CDX BC, CDX Gas International, CDX Services, CDX Operating, CD Exploration (previously CD Exploration, Inc.), CDX East (previously CDX East, Inc.), CMV JV, CDX Tapicito, CDX Rio, CDX Shale, CDX Barnett, CDX Minerals, CDX Panther, CDX Plum Creek JV and CDX NA. The First Lien Debt Loan is secured by substantially all of the Debtors' assets that have any substantial value.

(b) Second Lien Debt Loan

CDX Gas is also a borrower under that certain Second Lien Credit Agreement dated as of March 31, 2006, among CDX Gas, Acquisition, Credit Suisse as administrative agent and Lender and the other Second Lien Debt Lenders (as may have been amended from time to time) (the "Second Lien Debt Credit Agreement"). The Second Lien Debt Loan is a $400 million term loan facility with an original maturity date of March 31, 2013, which has been accelerated and is currently due and payable. As of the Petition Date, there was $400 million of principal outstanding under the Second Lien Debt Loan, with accrued interest of approximately $32.0 million. The Second Lien Debt Loan is secured by a second lien on substantially the same assets securing the First Lien Debt Loan and the same affiliates of CDX Gas that either have (i) guaranteed and pledged assets or (ii) pledged assets to guarantee, and/or secure, the repayment of the First Lien Debt Loan also have either (i) guaranteed and pledged assets or (ii) pledged assets to guarantee, and/or secure, the repayment of the Second Lien Debt Loan. The Second Lien Debt Loan is secured by substantially all of the Debtors' assets that have any substantial value.

(c) Hedges

CDX Gas' prepetition credit agreements required it to use certain derivatives and/or physical delivery contracts to offset market risks associated with natural gas prices and interest rates. On August 14, 2008, CDX Gas terminated all of its natural gas derivative contracts outstanding for a termination liability of approximately $30.9 million, which amount was added to the aggregate principal balance then outstanding of the First Lien Debt Loan. As of the Petition Date, CDX Gas had no commodity derivative contracts outstanding; however, CDX Gas may enter into such contracts in the future.

In April 2006, CDX Gas entered into interest rate swaps with Bank of Montreal and Credit Suisse Energy LLC (the "Interest Rate Swap Counterparties") to hedge the risk associated with the variable LIBOR used to reset the floating rates of the Second Lien Debt Loan. Under the swaps, CDX Gas pays the Interest Rate Swap Counterparties the equivalent of a fixed interest rate of 5.2925% on a notional amount of $325 million as of the Petition Date. CDX Gas receives from the Interest Rate Swap Counterparties the equivalent of a floating interest payment based on a three-month LIBOR rate calculated on the same notional amount. Interest rate swap payments are made quarterly and the LIBOR is determined in advance of each interest period. The obligations under the interest rate swaps are secured by a first lien in the same collateral (ranks *pari passu* with) that secures the First Lien Debt Loan. Shortly after the Petition Date, the Interest Rate Swap Counterparties exercised their rights to terminate the interest rate swaps. Such termination resulted in a termination liability to the Debtors of approximately $13.0 million which was added to the principal of the First Lien Debt Loan.

(d) Letters of Credit

Prior to the commencement of the Bankruptcy Cases, BMO and Compass Bank N.A. (formerly State National Bank) ("Compass Bank") issued various letters of credit on behalf of the Debtors. The letter of credit issued by BMO ("BMO Secured Letter of Credit") was in the amount of $150,000 and was issued in favor of Travelers Insurance Company as a requirement

for the Debtors' insurance coverage. The BMO Secured Letter of Credit is secured by a first priority lien in the First Lien Debt Collateral that ranks *pari passu* with the liens in favor of the First Lien Debt Lenders securing the First Lien Debt Loan. Compass Bank has outstanding two letters of credit (the "Compass Bank Secured Letters of Credit") aggregating $300,000 in favor of the Department of the Interior ($150,000) and Badger Midstream Services, LLC ("Badger Midstream") ($150,000). The obligations of the applicable Reorganizing Debtors to reimburse Compass Bank in the event any of the Compass Bank Secured Letters of Credit are ever drawn are fully secured by a first priority lien in certificates of deposit held by Compass Bank. In January and February 2009, Badger Midstream drew a total of $124,157.65 against the Compass Bank Secured Letters of Credit.

(e) Other Secured Obligations

In addition to the secured obligations listed above, certain creditors of the Debtors may be secured creditors by virtue of liens arising under operating agreements, mechanics' and materialmen's and similar liens or other liens created by statute. Included in these potential secured creditors are: operators and other working interest owners under operating agreements, vendors providing service and/or materials for the benefit of the Debtors in their business, sureties providing secured bonds on behalf of the Debtors, regulatory agencies holding cash deposits and taxing authorities.

Section 1.09 Other Significant Debt

(a) Senior Subordinated Debt

In March 2006, CDX Funding, LLC (subsequently merged into CDX Gas) entered into the Senior Subordinated Credit Agreement. Under the Senior Subordinated Credit Agreement, CDX Funding, LLC borrowed $125 million in senior subordinated debt. Interest on the Senior Subordinated Debt was paid in kind and added to the outstanding principal of the Senior Subordinated Debt. As of the Petition Date, approximately $177 million (including interest paid in kind) was outstanding under the Senior Subordinated Credit Agreement. The obligations under the Senior Subordinated Credit Agreement are unsecured. Only CDX Gas is obligated for the repayment of the Senior Subordinated Debt as none of the other Debtors or their affiliates have guaranteed, or are otherwise obligated in any manner for the repayment of such debt.[3]

(b) Bonding Program

Prior to the commencement of the Bankruptcy Cases, CDX Gas entered into an Indemnity Agreement (the "Indemnity Agreement") with Indemco-U.S. Specialty Insurance Company ("Surety") whereby the Debtors could request and Surety, at its sole option, could issue bonds on behalf of one or more of the Debtors (the "Bonding Program"). The bonds issued by the Surety under the Bonding Program (the "Program Bonds") were issued primarily in favor of state regulatory agencies as a requirement for the conducting of the Mineral Activities or other business operations. As of the filing of the Bankruptcy Cases, there were approximately 18 such

[3] Acquisition is a party and signatory to the Senior Subordinated Credit Agreement for representation and warranty purposes, but is not a Borrower or otherwise obligated for the repayment of the Senior Subordinated Debt.

bonds outstanding in the aggregate face amount of $757,450.00. A list of the Program Bonds is attached hereto as Exhibit H. The obligations under the Indemnity Agreement are unsecured.

(c) Trade Debt

On the Petition Date, the Debtors were basically current on their trade debt. As of the Petition Date, outstanding trade debt was approximately $11,500,000.00.

Section 1.10 Events Leading to Chapter 11

During the year preceding the filing of the Bankruptcy Cases, CDX Gas faced numerous challenges, including fluctuating commodity prices, depressed credit markets and general economic turmoil. In January 2008, Acquisition and CDX Gas engaged Jefferies & Company, Inc. ("Jefferies") to assist the Debtors in identifying and analyzing various strategic alternatives. In June 2008, CDX Gas also engaged Credit Suisse Securities (USA) LLC as a restructuring advisor. During 2008 and up to the Petition Date, the Debtors were actively assessing and exploring their strategic alternatives for restructuring or repaying their debts and obligations and maximizing recovery to creditors and shareholders. Recapitalization efforts that would have allowed CDX Gas to continue its operations with little disruption were not successful. Plans to sell CDX Gas to a large independent oil and gas company required the consent of all the company's lenders, which consent was not given by all lenders. After careful consideration of available alternatives, CDX Gas' board of directors determined that filing a voluntary petition for relief under Chapter 11 of the U. S. Bankruptcy Code was a necessary and prudent course of action, offering an orderly means of conducting its operations while attempting to restructure financially.

Section 1.11 Pending Pre-petition Litigation

A list and brief description of the pre-petition litigation is attached hereto as Exhibit G.

Section 1.12 Conversion of C Corps to Limited Liability Companies

On or about December 11, 2008, CD Exploration Inc. and CDX East Inc. (each of which was originally formed as a Delaware corporation and which are collectively 100% owners of CMV JV, a tax partnership) filed Certificates of Conversion to Limited Liability Companies to convert from corporations to limited liability companies. The entities believe that the conversions will not result in any federal income taxes at the time of conversion. In the event that the Internal Revenue Service determines that the conversions did result in income tax due and owing, CD Exploration and CDX East believe that any such liability for federal income taxes would constitute a prepetition liability and be treated as a Priority Tax Claim in accordance with the terms of their respective Plans. On or about April 12, 2009, CD Exploration and CDX East filed a claim for refund of approximately $4.2 million for the recovery of an overpayment of estimated Federal Income Tax paid during the year ended December 31, 2008 with respect to the entities' final Consolidated U.S. Corporation Income Tax Return for fiscal 2008. This refund was received in April 2009. Additional claims in the approximate amount of $9.4 million for refunds of Federal Income Taxes paid in prior years were filed, and such refunds were received in June 2009.

ARTICLE II.

THE CHAPTER 11 CASES

Section 2.01 Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Chapter 11 authorizes a debtor to reorganize its business for the benefit of its creditors, equity interest holders, and other parties in interest. Commencing a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The principal objective of a chapter 11 case is to consummate a plan of reorganization. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by a bankruptcy court binds a debtor, any issuer of securities thereunder, any person acquiring property under the plan, any creditor or equity interest holder of a debtor, and any other person or entity the bankruptcy court may find to be bound by such plan. Chapter 11 requires that a plan treat similarly situated creditors and similarly situated equity interest holders equally, subject to the priority provisions of the Bankruptcy Code.

Subject to certain limited exceptions, the bankruptcy court order confirming a plan of reorganization discharges a debtor from any debt that arose prior to the date of confirmation of the plan and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

Prior to soliciting acceptances of a proposed plan of reorganization, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan of reorganization. This Disclosure Statement is submitted in accordance with section 1125 of the Bankruptcy Code.

Section 2.02 Administration of the Chapter 11 Cases

On and soon after the Petition Date, the Debtors sought certain relief from the Bankruptcy Court to ensure that their operations continue with the least possible disruption, including, but not limited to, the relief set forth below. The Debtors intend to seek all necessary and appropriate additional relief from the Bankruptcy Court in order to expedite the process and to minimize any adverse impact on their business that may result from the Chapter 11 Cases.

(a) Entry of "First Day" Orders

On and soon after the Petition Date, the Debtors filed a number of motions seeking entry of so-called "first day" orders intended to facilitate a debtor's transition into chapter 11 by approving certain regular business conduct for which approval of the Bankruptcy Court is required. The initial hearing was held on December 16, 2008.

The first day orders entered by the Bankruptcy Court consist of the following:

- Order Granting Chapter 11 Complex Treatment (Dkt. No. 15 entered December 15, 2008);
- Order Extending the Time to File Schedules and Statements of Financial Affairs (Dkt. No. 16 entered December 15, 2008);
- Order Directing Joint Administration of Cases (Dkt. No. 18 entered December 15, 2008);
- Order (I) Authorizing Debtors to (A) Pay Prepetition Wages and Salaries to Employees and Independent Contractors and (B) Pay Prepetition Benefits and Continue Benefits Programs in the Ordinary Course and (II) Directing Banks to Honor Prepetition Checks for Payment of Prepetition Employee Obligations (Dkt. No. 41 entered December 17, 2008);
- Order (I) Approving the Form and Manner of Notifying Creditors of the Commencement of the Chapter 11 Cases and Other Information; and (II) Authorizing the Debtors to Establish the Master Service List Applicable to These Cases (Dkt. No. 42 entered December 17, 2008);
- Stipulation and Interim Order (I) Authorizing the Debtors' Use of Cash Collateral of (A) the First Lien Agent, for an on Behalf of the Prepetition First Lien Secured Parties, and (B) the Second Lien Agent, for and on Behalf of the Prepetition Second Lien Lenders Pursuant to 11 U.S.C. §§ 105, 361, 363(c), (II) Granting Adequate Protection Pursuant to 11 U.S.C. § 361, and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(c) (Dkt. No. 43 entered December 17, 2008, with Final Order at Dkt. No. 110);
- Interim Order Granting Emergency Motion to (I) Approve Maintenance of Certain Prepetition Bank Accounts and Cash Management System; (II) Continue Use of Existing Checks; and (III) Continue Current Investment Policies (Dkt. No. 44 entered December 17, 2008, with Final Order at Dkt. No. 118); and
- Second Order Extending the Time to File Schedules and Statements of Financial Affairs (Dkt. No. 170 entered January 27, 2009).

(b) Entry of "Next Day" Orders

In the days following the Petition Date, the Debtors filed a number of motions seeking entry of so-called "next day" orders that, (a) while critical to the business, do not have the same urgency or (b) require greater notice than typical "first day" orders. Since the initial hearing, the Bankruptcy Court has entered various orders, including the following:

- Order Granting Application Pursuant to 28 U.S.C. § 156(c) for Authorization to Employ and Retain Official Claims and Noticing Agent (Dkt. No. 190, entered February 3, 2009);

- Order Granting Motion to Establish Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals (Dkt. No. 189, entered February 3, 2009);

- Order Granting Application for Order Pursuant to 11 U.S.C. § 327(a) Authorizing Employment and Retention of Ryder Scott Company, L.P. as Petroleum Consultants (Dkt. No. 275, entered February 24, 2009);

- Order Pursuant to 11 U.S.C. § 327(e) Authorizing Employment and Retention of Wilhoit & Kaiser as Special Title Examination Counsel for the Debtors (Dkt. No. 270, entered February 24, 2009);

- Order Pursuant to 11 U.S.C. § 327(e) Authorizing Employment and Retention of Fish & Richardson LLP as Special Intellectual Property Counsel for the Debtors (Dkt. No. 271, entered February 24, 2009); and

- Order Pursuant to 11 U.S.C. § 327(a) Authorizing Employment and Retention of Deloitte Tax LLP as Tax Consultants for the Debtors Effective January 29, 2009 (Dkt. No. 312, entered March 5, 2009); and

- Order Pursuant to 11 U.S.C. § 327(a) Authorizing the Employment and Retention of Jefferies & Company, Inc. as Valuation Experts (Dkt. No. 594, entered May 20, 2009).

(c) Retention of Debtors' Professionals

During the pendency of the Chapter 11 Cases, the Debtors filed retention applications for certain professionals to represent and assist them in the administration of these Chapter 11 Cases. These professionals were intimately involved with negotiating and developing the terms of the Plan, and all of these professionals will continue to provide vital services throughout the Chapter 11 Cases. The following retention orders were approved by the Bankruptcy Court: (a) Vinson & Elkins LLP, as restructuring counsel for the Debtors (Dkt. No. 187, entered on February 9. 2009); and (b) Gardere Wynne Sewell LLP, as conflicts counsel for the Debtors (Dkt. No. 188, entered on February 3, 2009).

(d) Debtor in Possession Use of Cash Collateral

On December 17, 2008, the Bankruptcy Court entered the Stipulation and Interim Order (I) Authorizing the Debtors' Use of Cash Collateral of (A) the First Lien Agent, for and on Behalf of the Prepetition First Lien Secured Parties, and (B) the Second Lien Agent, for and on Behalf of the Prepetition Second Lien Lenders Pursuant to 11 U.S. C. §§ 105, 361 & 363(c), (II) Granting Adequate Protection Pursuant to 11 U.S.C. § 361, and (III) Scheduling a Final Hearing pursuant to Bankruptcy Rule 4001(c) (Dkt. No. 44) authorizing the Debtors, on an interim basis,

to use the Prepetition Lenders' cash collateral in accordance with a budget submitted to the Bankruptcy Court. Subsequently, on January 9, 2009, the Bankruptcy Court entered the Final Order (I) Authorizing the Debtors' Use of Cash Collateral of (A) the First Lien Agent, for and on Behalf of the Prepetition First Lien Secured Parties, and (B) the Second Lien Agent, for and on Behalf of the Prepetition Second Lien Lenders, pursuant to 11 U.S.C. §§ 105, 361, 363(c) and (II) Granting Adequate Protection Pursuant to 11 U.S.C. § 361 (Dkt. No. 110, the "Final Cash Collateral Order"), which authorized the Debtors, on a final basis, to use the Prepetition Lenders' cash collateral in accordance with a budget submitted to the Bankruptcy Court and approved by the Prepetition Lenders. The Debtors' authorization to use the Prepetition Lenders' cash collateral subject to and on the terms and conditions of the Final Cash Collateral Order terminated automatically on March 6, 2009.

On March 10, 2009, the Bankruptcy Court entered the Order Approving Debtors' Interim Use of Cash Collateral and Granting Adequate Protection (Dkt. No. 336) authorizing the Debtors, on an interim basis, to use the Prepetition Lenders' cash collateral in accordance with a budget submitted to the Bankruptcy Court. Subsequently, on March 27, 2009, the Bankruptcy Court entered the Amended Final Order (I) Authorizing the Debtors' Use of Cash Collateral of (A) the First Lien Agent, for and on Behalf of the Prepetition First Lien Secured Parties, and (B) the Second Lien Agent, for and on Behalf of the Prepetition Second Lien Lenders Pursuant to 11 U.S.C. §§ 105, 361 & 363(C) and (II) Granting Adequate Protection Pursuant to 11 U.S.C. § 361 (Dkt. No. 418), which authorized the Debtors, on a final basis, to use the Prepetition Lenders' cash collateral in accordance with a budget submitted to the Bankruptcy Court and approved by the Prepetition Lenders.

(e) The Committee

On January 7, 2009, the Office of the United States Trustee filed the Notice of the United States Trustee's Inability to Appoint a Creditors' Committee in Jointly Administered Cases (Dkt. No. 97), informing the Bankruptcy Court of its inability to solicit sufficient interest from creditors to form an official committee of unsecured creditors in these Chapter 11 Cases.

(f) Other Material Relief Obtained During the Chapter 11 Cases

During the pendency of the Chapter 11 Cases, additional orders were entered by the Bankruptcy Court that aided in the overall administration of the Estates, including

- Order Granting Motion for Approval to Enter into Nonresidential Real Property Lease with Auburndale Prestonwood Limited Partnership Nunc Pro Tunc to February 1, 2009 (Dkt. No. 220, entered February 10, 2009);

- Order Approving Rejection of Certain Nonresidential Real Property Leases and Certain Office Equipment Leases (Dkt. No. 274, entered February 24, 2009);

- Order Authorizing Non-Insider Employee Retention Plan Under 11 U.S.C. §§ 105, 363(b) and 503(c) (Dkt. No. 368, entered March 17, 2009);

- Order Granting Motion to Extend Time to Assume or Reject Unexpired Leases of Nonresidential Real Property (Dkt. No. 423, entered March 31, 2009);

- Order Approving Debtors' Motion to Assume and Modify Executive Contracts and to Pay Incentive Plan Payments and Bonuses for Executive Management (Dkt. No. 595, entered May 20, 2009); and

- Order Granting Debtors' Motion for an Order Authorizing the Extension of Surety Bonds (Dkt. No. 694, entered June 8, 2009).

(g) Executory Contracts and Leases

As of the Petition Date, the Debtors were parties to hundreds, if not thousands, of executory contracts and unexpired leases. The Reorganizing Debtors have commenced an analysis and review of their executory contracts and unexpired leases and such review is continuing. The analysis seeks to: (a) identify whether any contracts or leases would aid or further the Reorganizing Debtors' operational restructuring initiatives; and (b) ensure that any contracts and leases that are assumed are priced competitively. This evaluation process involves a review of the costs and benefits of each contract and lease and a determination of how that contract and lease fits within the Reorganizing Debtors' overall business plan. The Reorganizing Debtors expect to conclude this review prior to the Confirmation Hearing. The review completed to date has resulted in the rejection of certain contracts and leases.

As a result of the evaluation process, the Reorganizing Debtors are proposing, except as otherwise provided in the Plan, to reject all of the Reorganizing Debtors' executory contracts and unexpired leases as provided in the Plan unless such executory contract or unexpired lease is (a) identified in the Plan Supplement as an executory contract or unexpired lease to be assumed; (b) has previously been assumed or (c) is the subject of a motion to assume filed on or before the Confirmation Date. Any Allowed Claim for damages resulting from the rejection of an executory contract or unexpired lease shall be treated as provided in Section 6.10 of the Plan. See, also, discussion in Section 3.04(i) of the Disclosure Statement.

Cure payments will be made as provided in Article VI of the Plan. See, also, discussion in Section 3.04 of the Disclosure Statement.

(h) Preference Analysis and Other Potential Avoidance Actions

The Reorganizing Debtors intend to investigate pre-petition transfers that may be avoided as preferential, fraudulent or otherwise under sections 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code or applicable state law such as the Uniform Fraudulent Transfer Act. Under the Cash Collateral Order, the Holders of Second Lien Debt Claims were given superpriority administrative claims for diminution in value of their collateral. Holders of Second Lien Debt Claims have suffered significant diminution in value of their Collateral securing such Claims in an amount not less than [$200 million] and such amount exceeds amounts recoverable under potential avoidance actions. In partial satisfaction, release, settlement and discharge of Allowed Superpriority Administrative Claims, the Reorganizing Debtors shall, on the Effective Date,

transfer, assign or otherwise convey all Avoidance Actions to the Second Lien Debt Agent, on behalf of the Second Lien Debt Lenders, who in turn, will be deemed to simultaneously transfer, assign or otherwise convey the Avoidance Actions to Reorganized CDX Gas in partial consideration of the issuance of the New CDX Gas Membership Interests. As a result, all such causes of action are specifically preserved with the Reorganized CDX Gas having sole authority to bring such causes of action.

(i) Exclusivity

Under the Bankruptcy Code, the Debtors have the exclusive right to file and solicit acceptance of a plan or plans of reorganization for an initial period of 120 days from the Petition Date. If the Debtors file a plan within this exclusive period, then the Debtors have the exclusive right for 180 days from the Petition Date to solicit acceptances to its plan. During these exclusive periods, no other party in interest may file a competing plan of reorganization; however, a court may extend or reduce these periods upon request of a party in interest and "for cause." Without further order of the Bankruptcy Court, the Debtors' exclusive filing period would have expired on April 11, 2009, and the Debtors' exclusive solicitation period will expire on June 10, 2009. On March 31, 2009, the Bankruptcy Court entered the Order Granting Debtors' Motion to Extend their Exclusive Period to File a Chapter 11 Plan and Solicit Acceptance Thereof Pursuant to Section 1121(d) of the Bankruptcy Code (Dkt. No. 425) extending the Debtors' exclusive filing period to July 12, 2009 and the Debtors' exclusive solicitation period to September 11, 2009.

(j) EnerVest Transactions

Subsequent to the filing of the Chapter 11 Cases, CDX Gas entered into discussions with EnerVest, Ltd. ("EnerVest") regarding the purchase of certain assets of CDX Gas and/or its affiliates. CDX Gas was successful in reaching an agreement with EnerVest and on April 15, 2009 entered into that certain Asset Purchase Agreement between EnerVest Energy Institutional Fund XI-A, L.P. and EnerVest Energy Institutional Fund XI-WI, L.P. (collectively, the "EnerVest Purchasers"), on the one hand and CDX Gas, CDX Shale and CDX Barnett, on the other hand (the "APA") and that certain Subscription Agreement between CDX Rio and the EnerVest Purchasers (the "Subscription Agreement"), each as may be amended from time to time, whereby EnerVest or certain of its affiliates would purchase certain assets of CDX Gas and its affiliates and the membership interests of reorganized CDX Rio issued pursuant to, and with the rights and obligations set forth in the Subscription Agreement. The sale to EnerVest and/or its affiliates provides an important precursor to the ability of CDX Gas and its remaining affiliates to ultimately present this plan of reorganization. As part of the sale, CDX Gas determined that the greatest value for its assets could be achieved by selling CDX Rio to EnerVest as a reorganized entity in order to maximize the value of the operations of CDX Rio. As a result, CDX Rio filed its bankruptcy case on April 1, 2009 (the "CDX Rio Petition Date") and shortly thereafter filed its plan of reorganization in order to consummate the transactions with EnerVest and/or its affiliates. As of the filing of this Disclosure Statement, approval of the EnerVest transactions is set for hearing before the Bankruptcy Court on June 24, 2009.

On May 13, 2009, the Bankruptcy Court entered the Order Granting Expedited Motion of the Debtors for an Order (A) Approving Bidding Procedures and Bid Protections in Connection

with the Sale of Certain Assets and Equity Interests of the Estates to EnerVest Energy Institutional Fund XI-A, L.P. and EnerVest Energy Institutional Fund XI-WI, L.P.; (B) Scheduling an Auction and Hearing to Consider Approval of the Sale; (C) Approving Notice Relating to the Sale; and (D) Granting Related Relief (Dkt. No. 568) approving the bidding procedures and bid protections in connection with the sale of certain assets and equity interests to the EnerVest Purchasers.

On May 28, 2009, the Bankruptcy Court entered the Order (I) Approving CDX Rio, LLC Disclosure Statement and the Form and Manner of Service Related Thereto; (II) Setting Dates for the Objection Deadline and Hearing Relating to Confirmation of the Plan; and (III) Authorizing Related Relief (Dkt. No. 633) approving CDX Rio's disclosure statement and setting a hearing relating to confirmation of CDX Rio's plan of reorganization.

ARTICLE III.

SUMMARY OF JOINT PLAN OF REORGANIZATION

THE FOLLOWING SECTIONS SUMMARIZE CERTAIN KEY INFORMATION CONTAINED IN THE PLAN. THIS SUMMARY REFERS TO, AND IS QUALIFIED IN ITS ENTIRETY BY, REFERENCE TO THE PLAN. THE TERMS OF THE PLAN WILL GOVERN IN THE EVENT ANY INCONSISTENCY ARISES BETWEEN THIS SUMMARY AND THE PLAN. THE COURT HAS NOT CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT.

Section 3.01 Classification and Treatment of Claims and Interests

(a) Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan. These unclassified Claims are treated as follows:

(i) Administrative Claims

Except as otherwise provided for in the Plan, and subject to the requirements of Section 12.01 of the Plan, each Holder of an Allowed Administrative Claim shall, in full satisfaction, release, settlement and discharge of such Allowed Administrative Claim: (a) to the extent such claim is due and owing on the Effective Date, be paid in full, in Cash, on the Distribution Date; (b) to the extent such claim is not due and owing on the Effective Date, be paid in full, in Cash, (i) in accordance with the terms of any agreement between the Reorganizing Debtors and such Holder, or when such claim becomes due and payable under applicable non-bankruptcy law or (ii) in the ordinary course of business; or (c) receive such other treatment as to which such Holder may agree with the Reorganizing Debtors or Reorganized Debtors. The Reorganizing Debtors will provide an estimate of their respective Administrative Claims in the Plan Supplement.

(ii) Superpriority Administrative Claims

Pursuant to the Cash Collateral Order, an Allowed Administrative Claim of the highest order ("Superpriority Administrative Claim") was provided to the First Lien Debt Agent and the Second Lien Debt Agent for the benefit of (a) Holders of Allowed First Lien Debt Claims and Allowed First Lien Debt Guarantee Claims and (b) Holders of Allowed Second Lien Debt Claims and Allowed Second Lien Debt Guarantee Claims, respectively, to the extent of any actual diminution in value of the Collateral securing this respective Claims. Pursuant to the Plan, Holders of Allowed First Lien Debt Claims and First Lien Debt Guarantee Claims will be paid in full as of the Effective Date, as a result, such Holders have not been harmed by diminution in value of their Collateral.

Holders of Allowed Second Lien Debt Claims and Allowed Second Lien Debt Guarantee Secured Claims have suffered significant diminution in value of the Collateral securing such Claims in an amount not less than [$200 million]. In full satisfaction, release, settlement and discharge of such Allowed Superpriority Administrative Claims, the Reorganizing Debtors shall, on the Effective Date transfer, assign or otherwise convey (i) all Avoidance Actions and (ii) the Acquisition Cash to the Second Lien Debt Agent, on behalf of the Second Lien Debt Lenders, who in turn, will be deemed to simultaneously transfer, assign or otherwise covey (i) the Avoidance Actions and (ii) the Acquisition Cash to Reorganized CDX Gas.

(iii) Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim shall, in full satisfaction, release and discharge thereof, receive (i) such treatment as to which such Holder may agree with the applicable Reorganizing Debtor or Reorganized Debtor, as the case may be, or (ii) at the sole option of the applicable Reorganizing Debtor or Reorganized Debtor, as the case may be, (a) payment in full of such Allowed Priority Tax Claim on the Distribution Date or (b) treatment in accordance with the provisions of section 1129(a)(9)(C) or section 1129(a)(9)(D) of the Bankruptcy Code, as the case may be. The Reorganizing Debtors estimate their respective Priority Tax Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(b) Classification and Treatment of Claims and Interests

The categories of Claims and Interests set forth below classify Claims and Interests for all purposes, including for purposes of voting, confirmation and distribution pursuant to the Plan and sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest shall be deemed classified in a particular Class only to the extent that it qualifies within the description of such Class, and shall be deemed classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. Notwithstanding anything to the contrary in the Plan, a Claim or Interest shall be deemed classified in a Class only to the extent that such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date.

All Claims (except for Administrative Claims, Superpriority Administrative Claims and Priority Tax Claims, which are not classified pursuant to section 1123(a)(1) of the Bankruptcy Code), are classified and treated as follows:

(i) CDX Acquisition Company, LLC

The Plan for Acquisition will be a liquidating plan. The assets of Acquisition, other than the Old CDX Gas Membership Interests, which are being cancelled under the CDX Gas Plan, will be sold or otherwise reduced to Cash and distributed to creditors in accordance with applicable priorities and provisions of this Plan. After distribution of the assets or their proceeds as herein provided, Acquisition will be dissolved.

(a) Class A1: First Lien Debt Secured Guaranty Claims

In full satisfaction, release and discharge of any such Claims, and any liens, charges, security interests or other encumbrances or interests of any nature, in assets of Acquisition, each Holder of an Allowed First Lien Debt Secured Guaranty Claim shall receive the distributions provided to the Holders of Allowed First Lien Debt Claims (Class B1) under the CDX Gas Plan.

(b) Class A2: Second Lien Debt Claims

In full satisfaction, release and discharge of any such Claims, and any liens, charges, security interests or other encumbrances or interests of any nature in assets of Acquisition, each Holder of an Allowed Second Lien Debt Claim shall receive the distributions provided to Allowed Second Lien Debt Claims (Class B2) under the CDX Gas Plan.

(c) Class A3: Other Secured Claims

Holders of Allowed Other Secured Claims shall receive the treatment provided in Section 3.01(c)(i), below. Reorganizing Acquisition estimates the Class A3 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(d) Class A4: Other Priority Claims

Holders of Allowed Other Priority Claims shall receive the treatment provided in Section 3.01(c)(ii), below. Reorganizing Acquisition estimates the Class A4 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(e) Class A5: General Unsecured Claims

Holders of Allowed Class A5 Claims shall receive no distribution on their Claims. Reorganizing Acquisition estimates the Class A5 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(f) Class A6: Intercompany Claims

All Intercompany Claims between Acquisition and any other Reorganizing Debtor will be extinguished. To the extent any other Debtors have Intercompany Claims against Acquisition, such Debtors shall receive no distribution under the Acquisition Plan.

(g) Class A7: Former Employees/Investors Litigation Claims

Class A7 consists of the Former Employees/Investors Litigation Claims. Acquisition disputes the validity of such Claims and assert that if the Former Employees/Investors Litigation Claims are valid, such Claims are Claims subject to subordination under 11 U.S.C. § 510(b) of the Bankruptcy Code or are otherwise Claims for equity type interests that are subordinate to Claims of Creditors. Allowed Former Employees/Investors Litigation Claims shall receive the following treatment:

(1) To the extent Allowed Former Employees/Investors Litigation Claims are found to be the type of Claims subject to subordination under 11 U.S.C. § 510(b) or are otherwise Claims for equity type interests in Reorganizing Acquisition, the Holders of Allowed Former Employees/Investors Litigation Claims shall receive the same treatment as, and be included in, Class A8, Equity Interests.

(2) To the extent Allowed Former Employees/Investors Litigation Claims are found not to be subject to subordination under 11 U.S.C. §510(b) or otherwise Claims for equity type interests in Acquisition, the Holders of Allowed Former Employees/Investors Litigation Claims shall receive the same treatment as, and be included in, Class A5, General Unsecured Claims.

(h) Class A8: Equity Interests

The Acquisition Membership Interests shall be cancelled and Holders of Allowed Class A8 Interests shall receive no distribution under the Plan; provided, however, an authorized representative will be appointed for the purpose of taking steps necessary or appropriate to make distributions under the Plan and effect the dissolution of Acquisition. The authorized representative will be disclosed in the Plan Supplement.

(ii) CDX Gas, LLC

(a) Class B1: First Lien Debt Claims

In full satisfaction, release and discharge of any such Claims and liens, charges, security interest or other interests in the assets of CDX Gas and its Affiliates (excluding Acquisition), Holders of Allowed First Lien Debt Claims shall receive on or before the Distribution Date payment in full, in Cash, the amount of their Allowed First Lien Debt Claim.

(b) Class B2: Second Lien Debt Secured Claims

In (i) full satisfaction, release and discharge of any such claims and any liens, charges, security interests or other interests in the assets of CDX Gas and any of the Reorganizing CDX Gas Debtors and (ii) consideration of the contribution of the CD Exploration New Membership Interests and the Residual Assets to Reorganizing CDX Gas or Reorganized CDX Gas, as the

case may be, each Holder of an Allowed Second Lien Debt Secured Claim shall receive on account of such Claim the following: (x) such Holder's pro rata share of 100% of the New CDX Gas Membership Interests and the New Warrants, subject to dilution as of, and after, the Effective Date on account of the Management Incentive Program and New Warrants and (y) Cash in an amount sufficient to pay all outstanding fees and expenses of counsel and financial advisors to the Second Lien Debt Agent.

Acceptance of the Plan by Class B2 shall constitute an agreement by all Holders of Allowed Second Lien Debt Secured Claims to, upon the Effective Date, contribute to Holders of Allowed Senior Subordinated Debt Claims (i) 4.5% of the New CDX Gas Membership Interests and (ii) 100% of the New Warrants. On the Effective Date, or as soon as reasonably practicable thereafter, the Second Lien Debt Agent or Reorganized CDX Gas, in cooperation with, and at the discretion of, the Second Lien Debt Agent will transfer to the Senior Subordinated Debt Agent 4.5% of the New CDX Gas Membership Interests and 100% of the New Warrants. If the Bankruptcy Court rules, after notice and hearing, that the contribution of the 4.5% of the New CDX Gas Membership Interests and 100% of the New Warrants to Holders of Allowed Senior Subordinated Debt Claims is invalid or unlawful under section 1129(b) of the Bankruptcy Code, the agreement by Holders of Allowed Second Lien Debt Secured Claims to contribute 4.5% of the New CDX Gas Membership Interests and 100% of the New Warrants to Holders of Allowed Senior Subordinated Debt Claims shall be deemed rescinded and rendered null and void.

(c) Class B3: BMO Secured Letter of Credit Claim

On the Distribution Date, either (i) the BMO Secured Letter of Credit will be replaced by another letter of credit with a full release of all obligations of BMO under the BMO Secured Letter of Credit or (ii) the BMO Secured Letter of Credit will remain in full force and effect and Reorganized CDX Gas will deposit Cash in the amount of $165,000 with BMO to secure repayment and other obligations owed with respect to the BMO Secured Letter of Credit in the event demand is made for payment by the beneficiary of the BMO Secured Letter of Credit. Upon the occurrence of either (i) the BMO Secured Letter of Credit being replaced and BMO being released from all obligations under the BMO Secured Letter of Credit or (ii) Reorganized CDX Gas depositing Cash in the amount of $165,000 with BMO, all liens in and to the First Lien Debt Collateral, or any other Collateral (other than the $165,000 Cash deposited as herein provided), securing the repayment and other obligations relating to the BMO Secured Letter of Credit shall be released and terminated and no longer existing in any manner. Except as herein provided, the rights, duties and obligations of CDX Gas and BMO arising under or relating to the BMO Secured Letter of Credit shall remain in full force and effect.

(d) Class B4: Compass Bank Secured Letters of Credit Claim

The Compass Bank Secured Letters of Credit will remain in full force and effect for the benefit of the Reorganized CDX Gas Debtors. The legal, equitable and contractual rights of Compass Bank in regard to the Compass Bank Secured Letters of Credit shall be Reinstated.

(e) Class B5: Other Secured Claims

Holders of Allowed Class B6 Claims shall receive the treatment provided in Section 3.01(c)(i), below. Reorganizing CDX Gas estimates Class B5 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(f) Class B6: Other Priority Claims

Holders of Allowed Class B7 Claims shall receive the treatment provided in Section 3.01(c)(ii), below. Reorganizing CDX Gas estimates Class B6 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(g) Class B7: General Unsecured Claims

Holders of Allowed Class B7 Claims shall receive no distribution on their Claims. Reorganizing CDX Gas estimates Class B7 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(h) Class B8: Intercompany Claims

Allowed Class B8 Claims shall be treated as provided in Section 3.01(c)(iii), below.

(i) Class B9: Intercompany Interests

Intercompany Interests held by Acquisition in CDX Gas will be cancelled or otherwise terminated and Holders of such interests will receive no distribution.

(iii) CD Exploration, LLC (formerly CD Exploration, Inc.)

(a) Class C1: First Lien Secured Guarantee Claims

Except as provided in the CDX Gas Plan, in full satisfaction, release and discharge of any such claims, and any liens, charges, security interests, or other encumbrances or other interests of any nature in the assets of CD Exploration, each Holder of an Allowed First Lien Secured Guaranty Claim shall receive only the distributions provided to Allowed First Lien Debt Claims (Class B1) under the CDX Gas Plan.

(b) Class C2: Second Lien Secured Guarantee Claims

In full satisfaction, release and discharge of all claims and any liens, charges, security interests, or other encumbrances or interests of any nature in the assets of CD Exploration, and any entity merged into CD Exploration, each Holder of an Allowed Second Lien Secured Guaranty Claim shall receive its pro rata share of the CD Exploration New Membership Interests, which equity shall be deemed to be simultaneously contributed on the Effective Date to Reorganized CDX Gas.

(c) Class C3: Other Secured Claims

Holders of Allowed Other Secured Claims shall receive the treatment provided in Section 3.01(c)(i), below. Reorganizing CD Exploration estimates Class C3 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(d) Class C4: Other Priority Claims

Holders of Allowed Other Priority Claims shall receive the treatment provided in Section 3.01(c)(ii), below. Reorganizing CD Exploration estimates Class C4 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(e) Class C5: General Unsecured Claims

Holders of Allowed General Unsecured Claims shall receive no distribution on their Claims. Reorganizing CD Exploration estimates Class C5 Claims in the amount set forth in Exhibit J to this Disclosure Statement.

(f) Class C6: Intercompany Claims

On the Effective Date, or as soon as reasonably practicable thereafter, the Intercompany Claims between CD Exploration and CDX Canada shall be offset as provided in Section 4.04(g) of the Plan. All other Allowed Class C6 Claims shall be treated as provided in Section 3.01(c)(iii) below.

(g) Class C7: Intercompany Interests

Existing Intercompany Interests held by CDX Gas in CD Exploration will be cancelled or otherwise terminated and Holders of such interests will receive no distribution under the Plan.

(c) Treatment of Certain Claims

(i) Other Secured Claims: Classes A3, B5 and C3.

Except as otherwise provided in any applicable Plan, on, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date on which such Other Secured Claim becomes an Allowed Other Secured Claim or (iii) the date on which such Other Secured Claim becomes due and payable pursuant to any agreement between a Debtor and the Holder of an Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive in full satisfaction, release, settlement, and discharge of and in exchange for such Allowed Other Secured Claim: (a) at the sole discretion of the Reorganizing Debtors or Reorganized Debtors, as applicable, (x) Cash equal to the unpaid portion of such Allowed Other Secured Claim, (y) Reinstatement of the legal, equitable and contractual rights of the Holder of such Allowed Other Security Claim, subject to the provisions of Article 6 of the Plan, or (z) the property serving as collateral for its Claim, or (b) such other treatment as the Debtors and such Holder shall have agreed in writing. The Reorganizing Debtors' or Reorganized Debtors' failure to object to any Other Secured Claim in the Chapter 11 Cases shall be without prejudice to the rights of the Reorganizing Debtors or the Reorganized Debtors to contest or otherwise defend

against such claim in the appropriate forum when and if such Claims are sought to be enforced by the Holder of such Claim. Nothing in the Plan or elsewhere shall preclude the Reorganizing Debtors or Reorganized Debtors from challenging the validity of any alleged encumbrance on any asset. For purposes of the Plan, each Other Secured Claim will be deemed a separate subclass.

Upon payment in full of any Allowed Other Secured Claim, such Holder of such Allowed Other Secured Claim shall execute such documents as reasonably requested by the Reorganizing Debtors or Reorganized Debtors in form and substance as may be necessary or appropriate to evidence the satisfaction and release of any Lien(s) securing such Allowed Other Secured Claims and the Reorganizing Debtors or Reorganized Debtors are authorized to cause the filing of such documents with any or all governmental or other entities as necessary or appropriate to effect such release of Liens. If such Holder fails to execute such documents, the Debtors or Reorganized Debtors are authorized to execute such documents on behalf of such Holder and to cause the filing of such documents with any or all governmental or other entities as necessary or appropriate to effectuate such release of Lien(s).

(ii) Other Priority Claims: Classes A4, B6 and C4.

Other Priority Claims consist of, but are not limited to, employee claims for wages, vacation pay, severance pay, contributions to benefit plans and other similar items. Except as otherwise provided in any applicable Plan, Holders of Allowed Other Priority Claims shall, in full satisfaction, discharge and release of such Allowed Other Priority Claim, receive either (i) to the extent such claim is due and owing on the Effective Date, payment in full, in cash, on the Distribution Date, (ii) to the extent such claim is not due and owing on the Effective Date, payment in full, in Cash, in accordance with the terms of any agreement between such Claimant and applicable Reorganizing Debtors or Reorganized Debtors, or when such Allowed Other Priority Claim becomes due and owing under (a) applicable non-bankruptcy law, or (b) in the ordinary course of business, or (iii) such other treatment as may be agreed to by such Holder and the applicable Reorganizing Debtors or Reorganized Debtors.

(iii) Intercompany Claims

Except as otherwise provided in the Plan, on or after the Effective Date, all Intercompany Claims of the Reorganized CDX Gas Debtors will be adjusted, continued, cancelled or otherwise discharged to the extent determined appropriate by the Reorganized CDX Gas Debtors. To the extent any Intercompany Claim is cancelled or otherwise discharged, the Holder of such Claim shall receive no distribution under the Plan.

(d) Voting; Presumptions

(i) Acceptance by Impaired Classes

Each Impaired Class of Claims that will (or may) receive or retain property or any interest in property under the Plan, shall be entitled to vote to accept or reject the Plan. An Impaired Class of Claims shall have accepted the Plan if (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders

(other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. An Impaired Class of Interests shall have accepted the Plan if the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Interests actually voting in such Class have voted to accept the Plan.

(ii) Voting Presumptions

Claims and Interests in Unimpaired Classes are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan. Claims and Interests in Impaired Classes that do not entitle the Holders thereof to receive or retain any property under the Plan are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

(e) Unimpaired Classes

Classes A3, A4, B4, B5, B6, C3 and C4 are unimpaired and are deemed to have voted to accept the Plan.

(f) Impaired Classes of Claims Entitled to Vote on the Plan

Classes A1, A2, B1, B2, B3, C1 and C2 are impaired and are entitled to vote.

(g) Impaired Classes of Claims Receiving No Distribution under the Plan

Classes A5, A6, A7, A8, B7, B9, C5 and C7 are receiving no distribution under the Plan and are deemed to have voted not to accept the Plan.

(h) Special Provision Regarding Unimpaired Claims

Except as otherwise provided in the Plan, nothing shall affect the Reorganizing Debtors' or Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to Setoff Claims or recoupments against Unimpaired Claims.

(i) Cram Down

If any Class of Claims or Interests entitled to vote on the Plan shall not vote to accept the Plan, the Reorganizing Debtors shall (a) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (b) amend or modify the Plan in accordance with Article IX of the Plan. With respect to any Class of Claims or Interests that is deemed to reject the Plan, the Reorganizing Debtors shall request that the Bankruptcy Court confirm or "cram down" the Plan pursuant to section 1129(b) of the Bankruptcy Code.

Section 3.02 Means for Implementation of the Plan

(a) Continued Existence

Following the Effective Date, the Reorganized Debtors shall continue to exist as separate entities or limited liability companies, as the case may be, in accordance with applicable non-bankruptcy law and pursuant to their Amended Governance Documents in effect prior to the Effective Date, except to the extent that such Governance Documents are amended by the terms of this Plan or the Restated Governance Documents. After the Effective Date, the Reorganized Debtors will be free to act in accordance with applicable government laws, including, without limitation, sale of assets, mergers, dissolution and name changes.

(b) Merger of Certain Affiliated Debtors

The management of CDX Gas and CD Exploration, respectively, has determined that it is beneficial to the overall operation of its business to (i) merge CDX Minerals, CDX Panther and CDX Plum Creek with and into CDX Gas and (ii) merge CDX East and CMV JV with and into CD Exploration. CDX Gas and CD Exploration further believe that the merger of these affiliates into CDX Gas and CD Exploration, respectively, will have a *de minimus* effect on CDX Gas' creditors and CD Exploration's creditors, respectively. All Claims against CDX Minerals, CDX Panther and CDX Plum Creek will be treated for all purposes as Claims against CDX Gas under the CDX Gas Plan. All Claims against CDX East and CMV JV will be treated for all purposes as Claims against CD Exploration under the CD Exploration Plan. CDX Gas and CD Exploration further believe that elimination of these separate entities will eliminate significant administrative costs.

(c) Governance Actions

(i) Amended Governance Documents

On the Effective Date, or as soon as reasonably practicable thereafter, the Reorganized CDX Gas shall file the Amended Governance Documents with the Secretary of State of the State of Delaware and each of the other Reorganizing Debtors shall file applicable Amended Governance Documents in their applicable jurisdiction of formation or incorporation that such Reorganized Debtor deems necessary or appropriate to carry out the provisions of the Plan. The Amended Governance Documents shall prohibit the issuance of nonvoting equity securities, subject to further amendment of such Amended Governance Documents as permitted by applicable law.

(ii) Other General Corporate Matters

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary or appropriate to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any property, right,

liability, duty, or obligation on terms consistent with the terms of the Plan; (3) the filing of appropriate certificates of incorporation, merger, or consolidation with the appropriate governmental authorities pursuant to applicable law; (4) the Roll-Up Transactions; and (5) all other actions that the Reorganized Debtors determine are necessary or appropriate, including the making of filings or recordings in connection with the relevant Roll-Up Transactions. The form of each Roll-Up Transaction shall be determined by the Reorganized Debtor that is party to such Roll-Up Transaction. Implementation of the Roll-Up Transactions shall not affect any distributions, discharges, exculpations, releases, or injunctions set forth in the Plan. Prior to the Effective Date, the Debtors shall have obtained the consent of the Second Lien Debt Agent regarding their intentions with respect to the Roll-Up Transactions.

Each of the matters provided for by the Plan involving the corporate structure of the Debtors or corporate or related actions to be taken by or required of the Reorganized Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided in the Plan (except to the extent otherwise indicated), and shall be authorized, approved, and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by Holders of Claims or Interests, directors of the Debtors, or any other Entity.

(d) Restructuring Transactions

(i) Separate Plans

ALTHOUGH STYLED AS A "JOINT PLAN," THE PLAN CONSISTS OF THREE (3) SEPARATE PLANS, ONE FOR EACH OF THE REORGANIZING DEBTORS. FOR PURPOSES OF VOTING ON AND RECEIVING DISTRIBUTIONS, VOTES WILL BE TABULATED SEPARATELY FOR EACH REORGANIZING DEBTOR'S PLAN AND DISTRIBUTIONS WILL BE MADE SEPARATELY TO EACH SEPARATE CLASS AS PROVIDED IN THE PLAN. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, ALLOWED CLAIMS AND INTERESTS HELD AGAINST ONE REORGANIZING DEBTOR SHALL BE SATISFIED SOLELY FROM THE ASSETS OF THAT PARTICULAR REORGANIZING DEBTOR AND/OR ITS BANKRUPTCY ESTATE, PROVIDED, HOWEVER, THAT TO THE EXTENT OF ANY LIABILITY ON THE PART OF A PARTICULAR REORGANIZING DEBTOR TO MAKE A DISTRIBUTION UNDER THE PLAN, ANY OF THE OTHER REORGANIZING DEBTORS OR REORGANIZED DEBTORS MAY, BUT ARE NOT OBLIGATED TO, ADVANCE FUNDS OR PROPERTY TO ENABLE SUCH REORGANIZING DEBTOR TO MAKE THE DISTRIBUTION OR DISTRIBUTIONS. HOWEVER, THERE IS NO GUARANTEE THAT A PARTICULAR CREDITOR WITH A CLAIM AGAINST A PARTICULAR REORGANIZING DEBTOR WILL BE PAID IN FULL. EXCEPT AS SPECIFICALLY SET FORTH IN THE PLAN, NOTHING IN THE PLAN OR DISCLOSURE STATEMENT SHALL CONSTITUTE OR BE DEEMED TO CONSTITUTE AN ADMISSION THAT ANY ONE OF THE REORGANIZING DEBTORS IS SUBJECT TO OR LIABLE FOR ANY CLAIM AGAINST ANY OTHER REORGANIZING DEBTOR. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, A CLAIM AGAINST MULTIPLE REORGANIZING DEBTORS, TO THE EXTENT ALLOWED IN EACH RESPECTIVE REORGANIZING DEBTORS' CASE, SHALL BE TREATED AS A SEPARATE CLAIM AGAINST EACH REORGANIZING DEBTORS'

ESTATE FOR ALL PURPOSES INCLUDING, BUT NOT LIMITED TO, VOTING AND DISTRIBUTION, PROVIDED, HOWEVER, THAT NO HOLDER SHALL BE ENTITLED TO RECEIVE MORE THAN PAYMENT IN FULL OF ITS ALLOWED CLAIM AND SUCH CLAIM SHALL BE ADMINISTERED AND TREATED IN THE MANNER PROVIDED BY THE PLAN. A FAILURE TO CONFIRM ANY ONE OR MORE OF THE PLANS SHALL NOT AFFECT OTHER PLANS CONFIRMED BY THE COURT; PROVIDED, HOWEVER, THAT THE REORGANIZING DEBTORS RESERVE THE RIGHT TO WITHDRAW ANY AND ALL PLANS FROM CONFIRMATION IF ANY ONE OR MORE PLANS DEEMED CRITICAL TO THE OTHER PLANS ARE NOT CONFIRMED.

(ii) Issuance of New CDX Gas Membership Interests and CD Exploration New Membership Interests

The issuance by Reorganized CDX Gas of the New CDX Gas Membership Interests, including the profits interests, if any, or other awards, if any, in connection with the Management Incentive Program, and the issuance of the CD Exploration New Membership Interests, is hereby authorized without the need for any further corporate action under applicable law, regulation order or rule and without any further action by holders of Claims or Interests. Such securities shall be distributed in accordance with the Plan. The New CDX Gas Membership Interests shall not be registered under applicable securities law and neither the Debtors nor the Reorganized Debtors shall have any obligation to register the New CDX Gas Membership Interests. All of the New CDX Gas Membership Interests and the CD Exploration New Membership Interests issued pursuant to the Plan shall be duly authorized, validly issued and, if applicable, fully paid and non-assessable. Each distribution and issuance referred to in the Plan shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

Upon the Effective Date, the New LLC Agreement shall be deemed to become valid, binding and enforceable in accordance with its terms, and each Holder of New CDX Gas Membership Interests shall be bound thereby, in each case, without need for execution by any party thereto other than Reorganized CDX Gas.

(iii) Issuance of New Warrants

The issuance of the New Warrants by Reorganized CDX Gas is authorized without the need for any further corporate action or without any further action by a Holder of Claims or Interests. On the Effective Date, or as soon as reasonably practicable thereafter, the New CDX Gas Warrants shall be issued in accordance with the Plan. Each distribution and issuance shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall be acceptable to the Second Lien Debt Agent and bind each Entity receiving such distribution or issuance. Any New CDX Gas Membership Interests issued in connection with the New Warrants shall be subject to the terms of the New LLC Agreement, and each recipient of New CDX Gas Membership Interests issued pursuant to the exercise of any New Warrants will be deemed to be bound by the terms of the

New LLC Agreement. The New Warrants Agreement shall be deemed to become valid, binding and enforceable in accordance with its terms, and each Holder of a New CDX Gas Warrant shall be bound thereby, in each case, without need for execution by any party thereto other than Reorganized CDX Gas.

(iv) Exit Financing

On the Effective Date, the Reorganized CDX Gas Debtors will enter into the Exit Financing, the terms and conditions of which shall be acceptable to the Second Lien Debt Agent. Confirmation shall be deemed approval of the Exit Financing (including the transactions contemplated thereby, such as any supplementation or additional syndication of the Exit Financing, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized CDX Gas Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and authorization for the Reorganized CDX Gas Debtors to execute and deliver the Exit Financing Loan Documents and such other documents as the Exit Financing Lenders may require to effectuate the Exit Financing, subject to such modifications as the Reorganized CDX Gas Debtors may deem to be reasonably necessary to consummate the Exit Financing with the consent of Second Lien Debt Agent.

(v) Conversion of Certain Debtors' Chapter 11 Bankruptcy Cases to Cases Under Chapter 7

If the CDX Gas Plan is confirmed and becomes effective, the Chapter 11 Bankruptcy Cases of CDX BC, CDX Sequoya, CDX Gas International, CDX Services, CDX Isolate, Cahaba Gathering and CDX Operating will be converted to cases under Chapter 7 of the Bankruptcy Code.

(vi) Equity Contribution by CDX Gas to CD Exploration and Offset of Intercompany Claims Between CD Exploration and CDX Canada

CDX Gas currently holds an intercompany claim against CDX Canada in the approximate amount of $31.0 million. On the Effective Date, CDX Gas will transfer as an equity contribution to CD Exploration in the approximate amount of $7.3 million of such intercompany claim and after such contribution, CDX Canada and Reorganized CD Exploration will effect offsets of all Intercompany Claims between Reorganized CD Exploration and CDX Canada.

(e) Directors And Officers

The initial board of directors of Reorganized CDX Gas shall consist of five (5) directors designated by the Second Lien Debt Agent, the identity of whom shall be disclosed in the Plan Supplement. The members of the initial boards of directors for the Reorganized CD Exploration shall be selected by the initial board of directors for Reorganized CDX Gas and shall consist of officers or directors of Reorganized CDX Gas. To the extent any such Person is an Insider (as defined in section 101(31) of the Bankruptcy Code), the nature of any compensation for such Person will also be disclosed prior to the Confirmation Hearing. Each of the Persons on the initial Boards of Directors of the respective Reorganized Debtors (except Reorganized

Acquisition) shall serve in accordance with the Amended Governance Documents of the respective Reorganized Debtor (except Reorganized Acquisition), as the same may be amended from time to time.

The initial officers of each of the Reorganized Debtors (except Reorganized Acquisition) shall be designated by the Second Lien Agent and disclosed in the Plan Supplement. To the extent any such Person is an Insider (as defined in section 101(31) of the Bankruptcy Code), the nature of any compensation for such Person will also be disclosed at such time. The initial officers shall serve in accordance with the Amended Governance Documents of the applicable Reorganized Debtor, as the same may be amended from time to time.

(f) Revesting of Assets

Except as otherwise set forth in the Plan, in the Plan Supplement or in the Confirmation Order, as of the Effective Date, all property of the Debtors being reorganized hereunder or merged into Reorganized CDX Gas shall revest in the applicable Reorganized Debtors free and clear of all Claims, Liens, encumbrances and other Interests. From and after the Effective Date, the Reorganized Debtors may operate (or liquidate and wind up) their businesses and use, acquire and dispose of property and settle and compromise claims or interests without supervision by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the generality of the foregoing, the Reorganized Debtors may, without application to or approval by the Bankruptcy Court, pay fees that they incur after the Effective Date for professional fees and expenses.

(g) Preservation of Rights of Action; Settlement

Except to the extent such rights, claims, causes of action, defenses, and counterclaims are otherwise dealt with in the Plan or are expressly and specifically released in connection with the Plan, the Confirmation Order or in any settlement agreement approved during the Chapter 11 Cases, or otherwise provided in the Confirmation Order or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code: (1) any and all rights, claims, causes of action (including the Avoidance Actions), defenses, and counterclaims of or accruing to the Reorganizing Debtors or their Estates shall remain assets of and vest in the Reorganized Debtors, whether or not litigation relating thereto is pending on the Effective Date, and whether or not any such rights, claims, causes of action, defenses and counterclaims have been listed or referred to in the Plan, the Schedules, or any other document filed with the Bankruptcy Court, and (2) neither the Reorganizing Debtors nor the Reorganized Debtors waive, relinquish, or abandon (nor shall they be estopped or otherwise precluded from asserting) any right, claim, cause of action, defense, or counterclaim that constitutes property of the Estates: (a) whether or not such right, claim, cause of action, defense, or counterclaim has been listed or referred to in the Plan or the Schedules, or any other document filed with the Bankruptcy Court, (b) whether or not such right, claim, cause of action, defense, or counterclaim is currently known to the Reorganizing Debtors, and (c) whether or not a defendant in any litigation relating to such right, claim, cause of action, defense or counterclaim filed a proof of Claim in the Chapter 11 Cases, filed a notice of appearance or any other pleading or notice in the Chapter 11 Cases, voted for or against the Plan,

or received or retained any consideration under the Plan. Without in any manner limiting the generality of the foregoing, notwithstanding any otherwise applicable principal of law or equity, without limitation, any principals of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, or refer to a right, claim, cause of action, defense, or counterclaim, or potential right, claim, cause of action, defense, or counterclaim, in the Plan, the Schedules, or any other document filed with the Bankruptcy Court shall in no manner waive, eliminate, modify, release, or alter the Reorganized Debtors' right to commence, prosecute, defend against, settle, and realize upon any rights, claims, causes of action, defenses, or counterclaims that the Reorganizing Debtors or the Reorganized Debtors have, or may have, as of the Effective Date. The Reorganized Debtors may commence, prosecute, defend against, settle, and realize upon any rights, claims, causes of action, defenses, and counterclaims in their sole discretion, in accordance with what is in the best interests, and for the benefit, of the Reorganized Debtors.

(h) Employee and Retiree Benefits

On and after the Effective Date, the Reorganized Debtors may: (1) honor, in the ordinary course of business, any unrejected contracts, agreements, policies, programs, and plans, in each case to the extent disclosed in the Disclosure Statement or order entered by the Bankruptcy Court approving a pleading seeking payment of, for, among other things, compensation (including equity based and bonus compensation), health care benefits, disability benefits, deferred compensation benefits, travel benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, accidental death and dismemberment insurance for the directors, officers and employees of any of the Reorganizing Debtors who served in such capacity at any time, and any other Benefit Plan; and (2) honor, in the ordinary course of business, claims of employees employed as of the Effective Date for accrued vacation time arising prior to the Petition Date; provided, however, that the Reorganizing Debtors' or Reorganized Debtors' performance of any employment agreement will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Effective Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program, or plan. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, any causes of action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

(i) Workers' Compensation Programs

As of the Effective Date, the Reorganized Debtors shall continue to honor their post-petition obligations under: (i) all applicable workers' compensation laws in the states in which the Reorganized Debtors operate; and (ii) the Reorganizing Debtors' written contracts, agreements, agreements of indemnity, self-insurer workers' compensation bonds, policies, programs and plans for workers' compensation and workers' compensation insurance in effect for the current policy year of May 15, 2009 through May 15, 2010 for all states other than West Virginia, whose current policy year is from August 16, 2008 through August 16, 2009. Nothing in the Plan shall limit, diminish or otherwise alter the Reorganizing Debtors' or Reorganized

Debtors' defenses, claims, rights of action, or other rights under applicable non-bankruptcy law with respect to any such contracts, agreements, policies, programs and plans; provided, however, that nothing in the Plan shall be deemed to impose any obligations on the Reorganizing Debtors or Reorganized Debtors in addition to what is required under the provisions of applicable law.

(j) Exemption From Certain Transfer Taxes

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of a security, or the making of delivery of an instrument of transfer, including, without limitation, any transfers effected by mergers provided under the Plan, from the Reorganizing Debtors to the Reorganized Debtors or any other Person or entity pursuant to the Plan may not be taxed under any law imposing a stamp tax or similar tax, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

(k) Sale of Certain Assets to Dominion Exploration and Production, Inc.

On May 8, 2009, CDX Gas and Dominion Exploration and Production, Inc. ("Dominion") entered into that certain Purchase and Sale Agreement, as may be amended from time to time, ("Dominion PSA") whereby Dominion agreed to purchase certain oil and gas properties (and related assets) (the "Purchased Assets") located in Boone, Fayette and Raleigh Counties, West Virginia and to assume certain liabilities associated with the Purchased Assets. A copy of the Dominion PSA is attached to this Disclosure Statement as Exhibit K. In addition, CDX Gas will assume and assign to Dominion certain contracts more fully described in Section 1.3 of the Dominion PSA (the "Contracts"). The filing of the Plan shall serve as a motion to seek court approval of the transactions contemplated under the Dominion PSA, including, but not limited to, (i) the purchase of the Purchased Assets by Dominion, (ii) the assumption of the Contracts by CDX Gas and subsequent assignment of such Contracts to Dominion and (iii) the assumption of certain liabilities by Dominion, all as provided in the Dominion PSA. The purchase price for the Purchased Assets is approximately $4.9 mm (subject to certain adjustments as provided in the Dominion PSA). As noted, the sale will be free and clear of all claims, liens, interests and encumbrances (collectively, the "Encumbrances") with the Encumbrances attaching to the proceeds of the sale in the same rank, priority, validity and enforceability as existed prior to the sale. To the extent there is any dispute regarding the rank, validity, priority or enforceability of any Encumbrance, CDX Gas will reserve sufficient funds to discharge such disputed Encumbrance from the sale proceeds and will be free to distribute the balance of the sale proceeds to Holders of non-disputed Encumbrances, or, in the absence of such Encumbrances to use such proceeds in the ordinary course of its business.

Section 3.03 Provisions Governing Distributions

(a) Distributions for Claims and Interests Allowed as of Effective Date

Except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Allowed Claims and Allowed Interests as of the Effective

Date shall be made on the Distribution Date, or as soon thereafter as practicable. The New CDX Gas Membership Interests and the CD Exploration New Membership Interests to be issued under the Plan shall be deemed issued as of the Effective Date.

(b) Interest On Claims

Unless otherwise specifically provided by the Plan, the Confirmation Order, or any other order of the Bankruptcy Court, or applicable bankruptcy law, post-petition interest shall not accrue and shall not be paid on Allowed Claims. To the extent postpetition interest is payable on an Allowed Claim, the amount of such interest shall be determined as provided in (i) any contract between the Holder of such Allowed Claim and any applicable Reorganizing Debtor, (ii) any applicable non-bankruptcy law or (iii) in the absence of (i) or (ii), the Federal Judgment Rate, as such rates in (i) through (iii) may be limited by applicable bankruptcy law.

(c) Disbursing Agent

The Disbursing Agent shall make all distributions required under the Plan except distributions to the Holders of Allowed First Lien Debt Claims, Allowed First Lien Debt Secured Guarantee Claims, Allowed Second Lien Debt Secured Claims and Allowed Second Lien Debt Secured Guarantee Claims, which distributions shall be made to the First Lien Debt Agent or the Second Lien Debt Agent, as the case may be, who shall promptly deliver such distributions to the Holders of such Claims in accordance with the provisions of this Plan and the applicable credit documents. Distributions made by the Disbursing Agent to the First Lien Debt Agent or the Second Lien Debt Agent, as the case may be, shall constitute distributions to Holders of Allowed First Lien Debt Claims, Allowed First Lien Debt Secured Guarantee Claims, Allowed Second Lien Debt Secured Claims and Allowed Second Lien Debt Secured Guarantee Claims, as the case may be, regardless of whether the First Lien Debt Agent or the Second Lien Debt Agent, as the case may be, makes subsequent distributions to such Holders.

If the Disbursing Agent is an independent third party designated by the Reorganized Debtors to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Reorganized Debtors on terms acceptable to the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. If so ordered, all costs and expenses of procuring any such bond shall be paid by the Reorganized Debtors.

(d) Record Date for Distributions

As of the close of business on the Distribution Record Date, the registers for Claims and Interests should be closed, and there shall be no further changes in the Holder of record of any Claim or Interest. The Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize any transfer of Claim or Interest occurring after the Distribution Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those Holders of record stated on the registers of Claims and/or Interests as of the close of business on the Distribution Record Date for distributions under the Plan.

(e) Means of Cash Payment

Cash payments made pursuant to this Plan shall be by check, wire or ACH transfer in U.S. funds or by other means agreed to by the payor and payee or, absent agreement, such commercially reasonable manner as the payor determines in its sole discretion.

(f) Delivery of Distributions

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims and Allowed Interests shall be made by the Disbursing Agent, First Lien Debt Agent or Second Lien Debt Agent, as the case may be, (a) at the addresses set forth on the proofs of Claim or Interest filed by such Holders (or at the last known addresses of such Holders if no proof of Claim or Interest is filed or if the Reorganizing Debtors or Reorganized Debtors have been notified in writing of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related proof of Claim or Interest, (c) at the addresses reflected in the Schedules if no proof of Claim or Interest has been filed and the Disbursing Agent has not received a written notice of a change of address, (d) in the case of the Holder of a Claim that is governed by an indenture or other agreement and is administered by an indenture trustee, agent, or servicer, at the addresses contained in the official records of such indenture trustee, agent, or servicer, or (e) at the addresses set forth in a properly completed letter of transmittal accompanying securities properly remitted to the Reorganized Debtors. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Disbursing Agent or the appropriate indenture trustee, agent, or servicer is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest. Amounts in respect of undeliverable distributions made through the Disbursing Agent or the indenture trustee, agent, or servicer, shall be returned to the Reorganized Debtors until such distributions are claimed. All claims for undeliverable distributions must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed property shall revert to the Reorganized Debtors free of any restrictions thereon and the claim of any holder or successor to such holder with respect to such property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

(g) Claims Paid or Payable by Third Parties

(i) Claims Paid by Third Parties

The Reorganizing Debtors, the Reorganized Debtors or the Disbursing Agent, as applicable, shall reduce a Claim, and such Claim shall be disallowed without a Claim's objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full or in part on account of such Claim from a party that is not a Reorganizing Debtor or Reorganized Debtor. Subject to the last sentence of this paragraph, to the extent a Reorganizing Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Reorganizing Debtor or a Reorganized Debtor on account of such Claim, such Holder shall, within two (2) weeks of receipt thereof, repay or return the distribution to the applicable Reorganized Debtor, to the extent the Holder's total recovery on account of such Claim from the

third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

(ii) Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to any applicable insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the applicable insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

(iii) Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any cause of action that the Reorganizing Debtors or Reorganized Debtors or any entity may hold against any other entity, including insurers under any policies of insurance, nor shall anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses.

(iv) Withholding And Reporting Requirements

In connection with this Plan and all distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

(h) Calculation of Distribution Amounts of Equity to be Issued under the Plan

No fractional shares or interests of any equity shall be issued or distributed under the Plan by the Reorganized Debtors, the Disbursing Agent, the First Lien Debt Agent or the Second Lien Debt Agent, as the case may be. Each Person entitled to receive equity will receive the total number of whole shares or interests to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of a share or interest, the actual distribution of shares or interests of such equity shall be rounded to the next higher or lower whole number as follows: (a) fractions one-half or greater shall be rounded to the next higher whole number, and (b) fractions of less than one-half shall be rounded to the next lower whole number. The total number of New CDX Gas Membership Interests and CD Exploration New Membership Interests to be distributed to Holders entitled to receive such distribution, shall

be adjusted as necessary to account for the rounding provided in the Plan. No consideration shall be provided in lieu of fractional shares rounded down.

Section 3.04 Treatment of Executory Contracts, Unexpired Leases and Other Agreements

(a) Assumption/Rejection

On the Effective Date, and to the extent permitted by applicable law, all of the Reorganizing Debtors' executory contracts and unexpired leases will be rejected by the Reorganized Debtors unless such executory contract or unexpired lease: (a) is being assumed pursuant to the Plan or is identified as Schedule 6.01 of the Plan Supplement as an executory contract or unexpired lease being assumed pursuant to the Plan, which Schedule 6.01 shall be acceptable to the Second Lien Debt Agent; (b) is the subject of a motion to assume filed on or before the Confirmation; or (c) has been previously rejected or assumed. The Reorganizing Debtors shall provide the Second Lien Debt Agent with Schedule 6.01 seven (7) days prior to the date for filing the Plan Supplement. Any objection to Schedule 6.01 by the Second Lien Debt Agent shall be provided to the Reorganizing Debtors three (3) days prior to the date for filing the Plan Supplement. Failure to object to Schedule 6.01 within the time frame provided herein shall be deemed approval of Schedule 6.01 by the Second Lien Debt Agent if Schedule 6.01 is timely delivered to the Second Lien Debt Agent.

(b) Pass-Through

Except as otherwise provided in the Plan, any rights or arrangements necessary or useful to the operation of the Reorganized Debtors' business but not otherwise addressed as a Claim or Interest, including non-exclusive or exclusive patent, trademark, copyright, maskwork or other intellectual property licenses, the Bonding Program and other executory contracts not assumable under section 365(c) of the Bankruptcy Code, shall, in the absence of any other treatment under the Plan or Confirmation Order, be passed through the Chapter 11 Cases for the benefit of the Reorganized Debtors and the counterparty unaltered and unaffected by the bankruptcy filings or Chapter 11 Cases.

(c) Mineral Leases/Oil and Gas Leases

To the extent any of the Reorganizing Debtor's Mineral Leases or Oil and Gas Leases constitute executory contracts or unexpired leases of real property under section 365 of the Bankruptcy Code, such Mineral Leases and Oil and Gas Leases will be assumed by the Reorganized Debtor. To the extent any of the Reorganizing Debtor's Mineral Leases or Oil and Gas Leases constitute contracts or other property rights not assumable under section 365 of the Bankruptcy Code, except as provided in the Plan or Confirmation Order, such Mineral Leases and Oil and Gas Leases shall pass through the Chapter 11 Cases for the benefit of the applicable Reorganized Debtors and the counterparties to such Mineral Leases and Oil and Gas Leases.

Except for the defaults of a kind specified in sections 365(b)(2) and 541(c)(1) of the Bankruptcy Code (which defaults the applicable Reorganizing Debtors or Reorganized Debtors will not be required to cure), or as otherwise provided herein, the legal, equitable and contractual rights of the counterparties to such Mineral Leases and Oil and Gas Leases shall be unaltered by

the Plan; provided, however, that to the extent a failure by the Reorganizing Debtor to pay or perform an obligation under such Mineral Lease or Oil and Gas Lease (whether or not such Mineral Lease or Oil and Gas Lease is subject to the provisions of section 365 of the Bankruptcy Code) is a default under any applicable Mineral Lease or Oil and Gas Lease, such default shall be cured for all purposes by the payments provided for herein or the Reorganized Debtor's subsequent performance of such obligation with such applicable Mineral Lease or Oil and Gas Lease otherwise remaining in full force and effect for the benefit of the Reorganized Debtor. To the extent such payment is due and owing on the Effective Date, such payment shall be made, in Cash, on the Distribution Date, or upon such other terms as may be agreed to by the Disbursing Agent or the Reorganized Debtor, as the case may be. To the extent such payment is not due and owing on the Effective Date, such payment (a) will be made, in Cash, in accordance with the terms of any agreement between the parties, or as such payment becomes due and owing under (i) applicable non-bankruptcy law, or (ii) in the ordinary course of business of the Reorganized Debtor or (b) will be made upon other terms as may be agreed upon by the Disbursing Agent or the Reorganized Debtor, as the case may be, and the Person to whom such payment is due. To the extent it is impossible for the Reorganized Debtor to cure a default arising from any failure to perform a non-monetary obligation, such default shall be cured by performance by the applicable Reorganizing Debtor at or after the time of assumption in accordance with the terms of the applicable Mineral Lease or Oil and Gas Lease with the applicable Mineral Lease or Oil and Gas Lease remaining in effect for the benefit of the applicable Reorganized Debtor. If there is a dispute as to any cure obligation (including cure payments) between the applicable Reorganized Debtor and the Lessor of a Mineral Lease or Oil and Gas Lease, the applicable Reorganized Debtor shall only have to pay or perform as provided in the Plan.

(d) Assumed Executory Contracts and Unexpired Leases

Each executory contract and unexpired lease that is assumed will include (a) all amendments, modifications, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease, and (b) all executory contracts or unexpired leases and other rights appurtenant to the property, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other equity interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements have been rejected pursuant to an order of the Bankruptcy Court or is the subject of a motion to reject filed on or before the Confirmation Date.

Amendments, modifications, supplements, and restatements to prepetition executory contracts and unexpired leases that have been executed by the Reorganizing Debtors during their Chapter 11 Cases shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease, or the validity, priority, or amount of any claims that may arise in connection therewith.

(e) Preexisting Obligations to the Reorganizing Debtors Under Executory Contracts and Unexpired Leases

Rejection or repudiation of any executory contract or unexpired lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Reorganizing Debtors under such contracts or leases. In particular, notwithstanding any non-bankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Reorganizing Debtors or Reorganized Debtors, as applicable, from counterparties to rejected or repudiated executory contracts or unexpired leases.

(f) Intercompany Contracts, Assumed Contracts and Leases, and Contracts and Leases Entered Into After Petition Date

Intercompany contracts, contracts and leases with third parties entered into after the Petition Date by any Reorganizing Debtor, and any executory contracts and unexpired leases assumed by any Reorganizing Debtor, may be performed by the applicable Reorganized Debtor in the ordinary course of business.

(g) Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Reorganizing Debtors that any such contract or lease is in fact an executory contract or unexpired lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganizing Debtors or the Reorganized Debtors, as applicable, shall have thirty days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

(h) Additional Cure Provisions

Except as otherwise provided under the Plan, any monetary amounts that must be cured as a requirement for assumption and/or assignment by any Reorganizing Debtor, such cure shall be effected or otherwise satisfied by prompt payment of such monetary amount as contemplated by Section 365(b)(1)(A) of the Bankruptcy Code or as otherwise agreed to by the parties. If there is a dispute regarding (a) the timing of any payment required in order to meet the promptness requirement of 365(b)(1), (b) the nature, extent or amount of any cure requirement, (c) the Reorganizing Debtors' or Reorganized Debtors' ability or the ability of the Reorganizing Debtors' assignees to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (d) any other matter pertaining to assumption, cure will occur following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

(i) Claims Based on Rejection of Executory Contracts and Unexpired Leases

Unless otherwise provided by a Bankruptcy Court order, any Proofs of Claim asserting Claims arising from the rejection of the Reorganizing Debtors' executory contracts and unexpired leases pursuant to the Plan or otherwise must be filed with the Claims Agent no later than thirty days after the later of the Effective Date or the effective date of rejection. Any Proofs of Claim arising from the rejection of the Reorganizing Debtors' executory contracts or unexpired leases that are not timely filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against any Reorganized Debtor without the need for any objection by the Reorganized Debtors or further notice to or action, order, or approval of the Bankruptcy Court, and any Claim arising out of the rejection of the executory contract or unexpired lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Reorganizing Debtors' executory contracts and unexpired leases shall be classified as General Unsecured Claims for the particular Reorganizing Debtor in question and shall be treated in accordance with the particular provisions of the Plan for such Reorganizing Debtor; provided, however, if the Holder of an Allowed Claim for rejection damages has an unavoidable security interest in any Collateral to secure the obligations under such rejected executory contract or lease, the Allowed Claim for rejection damages shall be treated as an Other Secured Claim to the extent of the value of such Holder's interest in the Collateral, with the deficiency, if any, treated as a General Unsecured Claim.

(j) Survival of Indemnification and Corporation Contribution

On or before the Effective Date, the Reorganizing Debtors shall use commercially reasonable efforts to obtain run-off coverage in a commercially reasonable amount for a term up to, but not to exceed six (6) years, under a directors and officers liability policy and a management practices insurance policy (collectively, the "Tail Insurance Policies") for the Reorganizing Debtors' current and former directors and officers. If the Tail Insurance Policies are obtained for a period of less than six (6) years, prior to the expiration of initial Tail Insurance Policies, the Reorganized Debtors shall use commercially reasonable efforts to obtain successive Tail Insurance Policies for the remainder of such six (6) year period. CDX Gas also indemnifies or indemnified its officers and/or employees that also serve or served as officers, directors, managers or similar positions of Affiliates. Notwithstanding anything to the contrary contained in the Plan, the obligations of the Reorganizing Debtors (including CDX Gas), if any, to indemnify and/or provide contribution to their directors, officers, agents, employees and representatives who were serving in such capacity with the Reorganizing Debtors or their Affiliates as of the Petition Date or the Effective Date, pursuant to the Governance Documents, applicable statutes, or contractual obligations, in respect of all past, present and future actions, suits and proceedings against any of such directors, officers, agents, employees and representatives, based on any act or omission related to the service with, for or on behalf of the Reorganizing Debtors or their Affiliates will be deemed and treated as executory contracts that are assumed by the applicable Reorganizing Debtor or Reorganized Debtor pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date. Accordingly, such indemnification obligations will not be discharged, but will instead survive and be unaffected by entry of the Confirmation Order on the occurrence of the Effective Date so long as such director,

officer, agent, employee, or representative was serving in such capacity on the Petition Date or the Effective Date.

Section 3.05 Procedures for Resolving Disputed, Contingent and Unliquidated Claims

(a) Objections to Claims

The Reorganizing Debtors, Reorganized Debtors or the Disbursing Agent, as applicable, shall have the exclusive authority to file, settle, compromise, withdraw, or litigate to judgment any objections to Claims. From and after the Effective Date, the Reorganized Debtors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Disbursing Agent or the Reorganized Debtors, as the case may be, also shall have the right to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law. As soon as practicable, but no later than the Claims Objection Deadline, the Reorganized Debtors or the Disbursing Agent, as the case may be, may file objections with the Bankruptcy Court and serve such objections on the creditors holding the Claims to which objections are made. Nothing contained herein, however, shall limit the right of the Reorganized Debtors or the Disbursing Agent, as the case may be, to object to Claims, if any, filed or amended after the Claims Objection Deadline. The Claims Objection Deadline may be extended by the Bankruptcy Court upon motion by the applicable Reorganized Debtor or the Disbursing Agent, as the case may be, without notice or hearing.

(b) Estimation of Claims

Any Reorganizing Debtor, Reorganized Debtor (or the Disbursing Agent on their behalf), as applicable, may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether such Reorganizing Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Reorganizing Debtors or Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism.

(c) No Distributions Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

(d) Distributions After Allowance

The Disbursing Agent shall make payments and distributions from the Distribution Reserve to each holder of a Disputed Claim that has become an Allowed Claim in accordance with the provisions of the Plan governing the class of Claims to which such Holder belongs. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing all or part of any Disputed Claim becomes a Final Order, the Disbursing Agent shall distribute to the Holder of such Claim the distribution (if any) that would have been made to such Holder on the Distribution Date had such Allowed Claim been allowed on the Distribution Date. After a Disputed Claim is Allowed or otherwise resolved, the excess Cash or other property that was reserved on account of such Disputed Claim, if any, shall become property of the Reorganized Debtors.

(e) General Unsecured Claims

Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Reorganizing Debtors prior to the Effective Date including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtors from paying Claims that the Reorganizing Debtors were authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

(f) Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens and encumbrances.

Section 3.06 Conditions Precedent to Confirmation and Consummation of the Plan

(a) Conditions Precedent To Confirmation

The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Reorganizing Debtors, Second Lien Debt Agent and, as to the Exit Financing, the provisions of the Confirmation Order applicable to the Exit Financing are acceptable to the Exit Financing Agent, and shall include a finding of fact that the Reorganizing

Debtors, Released Parties, and their respective present and former members, officers, directors, managers, employees, advisors, attorneys and agents, acted in good faith within the meaning of and with respect to all of the actions described in section l125(e) of the Bankruptcy Code and are therefore not liable for the violation of any applicable law, rule, or regulation governing such actions.

(b) Conditions Precedent To Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be (x) satisfied or (y) waived in accordance with Section 3.06(d) below:

(i) The Confirmation Order shall have been entered in form and substance reasonably acceptable to the Reorganizing Debtors, Second Lien Debt Agent and, as to the Exit Financing, the provisions of the Confirmation Order applicable to the Exit Financing and acceptable to the Exit Financing Agent and such Order has become a Final Order.

(ii) The Exit Financing Loan Documents in form and substance acceptable to the Second Lien Debt Agent shall have been executed and delivered by all parties thereto, and all conditions precedent to consummation thereof shall have been waived or satisfied in the manner permitted thereunder.

(iii) The New LLC Agreement, in form and substance acceptable to the Second Lien Debt Agent, shall have been executed by Reorganized CDX Gas.

(iv) The New Warrant Agreement, in form and substance acceptable to the Second Lien Debt Agent, shall have been executed by Reorganized CDX Gas.

(v) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained.

(vi) There shall not be in effect on the Effective Date any (a) order entered by a court or (b) any order, opinion, ruling or other decision entered by any other court or governmental entity or (c) any applicable law staying, restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Plan.

(vii) No request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall remain pending.

(c) Substantial Consummation

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

(d) Waiver Of Conditions

Each of the conditions set forth in Section 8.02 of the Plan may be waived in whole or in part by written consent of the applicable Reorganizing Debtors, the Second Lien Debt Agent and,

as to the conditions regarding the Exit Financing, the Exit Financing Agent, without any notice to other parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Reorganizing Debtors or the Reorganized Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Reorganizing Debtors or Reorganized Debtors). The failure of the Reorganizing Debtors or the Reorganized Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

(e) Revocation, Withdrawal, Or Non-Consummation

The Reorganizing Debtors reserve the right, in consultation with the Second Lien Agent to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Reorganizing Debtors revoke or withdraw the Plan, or if Confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Reorganizing Debtors or any other Person, (ii) prejudice in any manner the rights of the Reorganizing Debtors or any Person in any further proceedings involving the Reorganizing Debtors, or (iii) constitute an admission of any sort by the Reorganizing Debtors or any other Person.

Section 3.07 Release, Exculpation and Related Provisions

(a) Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests and controversies resolved pursuant to the Plan, including, without limitation, all Claims arising prior to the Petition Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Reorganizing Debtors. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Reorganizing Debtors, their Estates, Creditors and other parties in interest, and are fair, equitable and within the range of reasonableness.

(b) Satisfaction of Claims

The rights afforded in the Plan and the treatment of all Claims and Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever against the Reorganizing Debtors or any of their Estates, assets,

properties, or interests in property. Except as otherwise provided herein, on the Effective Date, all Claims against and Equity Interests in the Reorganizing Debtors shall be satisfied, discharged, and released in full. Neither the Reorganized Debtors, nor their Affiliates, shall be responsible for any pre-Effective Date obligations of the Reorganizing Debtors, Reorganized Debtors or the Debtors-in-Possession, except those expressly assumed by the Reorganized Debtors or their Affiliates, as applicable. Except as otherwise provided herein, all Persons and Entities shall be precluded and forever barred from asserting against Reorganized Debtors and their Affiliates, their respective successors or assigns, or their Estates, assets, properties, or interests in property any event, occurrence, condition, thing, or other or further Claims or Causes of Action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

(c) Exculpation

The Protected Parties SHALL NOT BE LIABLE FOR ANY Cause of Action arising in connection with or out of the administration of the Chapter 11 Cases, the planning of the Chapter 11 Cases, the formulation, negotiation or implementation of the Plan, the solicitation of acceptances of the Plan, pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct as determined by the Final Order of the Bankruptcy Court. The Plan enjoins all Holders of Claims and Interests from asserting or prosecuting any Claim or cause of action against any Protected Person as to which such Protected Person has been exculpated from liability pursuant to the preceding sentence.

(d) Discharge of Liabilities

Except as otherwise provided in the Plan, upon the occurrence of the Effective Date, the Reorganized Debtors shall be discharged from all Claims and Causes of Action to the fullest extent permitted by section 1141 of the Bankruptcy Code, and all Holders of Claims and Equity Interests shall be precluded from asserting against the Reorganized Debtors and their Affiliates, their respective assets, or any property dealt with under the Plan, any further or other Cause of Action based upon any act or omission, transaction, event, thing, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, THE REORGANIZED DEBTORS SHALL NOT HAVE, AND SHALL NOT BE CONSTRUED TO HAVE, OR MAINTAIN ANY LIABILITY, CLAIM, OR OBLIGATION, THAT IS BASED IN WHOLE OR IN PART ON ANY ACT, OMISSION, TRANSACTION, EVENT, OTHER OCCURRENCE OR THING OCCURRING OR IN EXISTENCE ON OR PRIOR TO THE EFFECTIVE DATE OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY LIABILITY OR CLAIMS ARISING UNDER APPLICABLE NON-BANKRUPTCY LAW AS A SUCCESSOR TO THE REORGANIZING DEBTORS AND NO SUCH LIABILITIES, CLAIMS, OR OBLIGATIONS FOR ANY ACTS SHALL ATTACH TO THE REORGANIZED DEBTORS.

(e) Discharge of the Reorganizing Debtors

Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, without further notice or order, all Claims of any nature whatsoever shall be automatically discharged forever. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, the Reorganizing Debtors, their Estates, and all successors thereto shall be deemed fully discharged and released from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code; or (c) the Holder of a Claim based upon such debt has accepted the Plan. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Reorganizing Debtors, their Estates, and all successors thereto. As provided in section 524 of the Bankruptcy Code, such discharge shall void any judgment against the Reorganizing Debtors, their Estates, or any successor thereto at any time obtained to the extent it relates to a Claim discharged, and operates as an injunction against the prosecution of any action against the Reorganized Debtors and their Affiliates or their property to the extent it relates to a discharged Claim.

(f) Permanent Injunction

Except as otherwise expressly provided in the Plan or the Confirmation Order, all entities who have held, hold or may hold Claims against, or Interests in, the Reorganizing Debtors will be permanently enjoined, on and after the Effective Date, to the fullest extent permissible under applicable law, as such law may be extended or integrated after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest, (b) the enforcement, attachment, collection, or recovery by any manner or means of judgment, award, decree or order against any Protected Party on account of any such Claim or Interest, (c) creating, perfecting, or enforcing any encumbrance of any kind against any Protected Party or against the property or interests in property of such Protected Party on account of any such Claim or Interest, and (d) asserting any right of setoff, recoupment or subrogation of any kind against any obligation due from any Protected Party or against the property or interests in property of such Protected Party on account of any such Claim or Interest. The foregoing injunction will extend to successors of any Protected Party and their respective property and interests in the property.

(g) Releases by the Reorganizing Debtors, Reorganized Debtors and their Estates

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or the Confirmation Order, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Reorganizing Debtors, the Reorganized Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Reorganizing Debtors, Reorganized Debtors and their Estates, for themselves and on behalf of their respective successors and assigns, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged each (i) Released Party and (ii) the

Reorganizing Debtors', Reorganized Debtors' and their Estates' past, present or future directors, managers, agents, officers, owners, employees, attorneys and other representatives from any and all claims, interests, obligations, rights, suits, damages, losses, costs and expenses, actions, causes of action, remedies, and liabilities of any kind or character whatsoever, including any derivative claims asserted or assertable on behalf of the Reorganizing Debtors, Reorganized Debtors, and their Estates, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, suspected or unsuspected, matured or unmatured, fixed or contingent, existing or hereinafter arising, in law, equity, or otherwise, that the Reorganizing Debtors, the Reorganized Debtors or their respective Affiliates or Estates ever had, now has or hereafter can, shall or may have, or otherwise would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, against any Released Party arising from or relating to, directly or indirectly from, in whole or in part, the Reorganizing Debtors, the Reorganizing Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Reorganizing Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements among any two or more of any Reorganizing Debtor, any Reorganized Debtor or any Released Party (and the acts or omissions of any other Released Party in connection therewith), the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event, or other occurrence, including the management and operation of the Debtors, taking place on or before the Effective Date.

(h) Releases by Holders of Claims and Interests

Except as otherwise specifically provided in the Plan or the Confirmation Order, on and after the Effective Date, in consideration of the Distributions under the Plan, Holders of Claims and Interests, for themselves and on behalf of their respective successors and assigns, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged each Protected Party from any and all claims, interests, obligations, rights, suits, damages, losses, costs and expenses, actions, causes of action, remedies, and liabilities of any kind or character whatsoever, including any derivative claims asserted or assertable on behalf of a Reorganizing Debtor, the Reorganized Debtor or their Estates, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, suspected or unsuspected, matured or unmatured, fixed or contingent, existing or hereafter arising, in law, equity or otherwise, that such Entity ever had, now has or hereafter can, shall or may have, or otherwise would have been legally entitled to assert (whether individually or collectively or directly or derivatively), against any Protected Party arising from or relating to, directly or indirectly, in whole or in part, the Reorganizing Debtors, the Reorganizing Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Reorganizing Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements among any two or more of any Reorganizing Debtor, any Reorganized Debtor or any Released Party (and the acts or omissions of any other Released Party in connection therewith), the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, or any other act or

omission, transaction, agreement, event, or other occurrence, including the management and operation of the Debtors, taking place on or before the Effective Date.

Section 3.08 Miscellaneous Provisions

(a) Amendments and Modification

The Reorganizing Debtors may alter, amend, or modify the Plan or any exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date; provided, however, where the Plan requires a document to be acceptable to the Second Lien Debt Agent, the Reorganizing Debtors may not modify such document without the consent of the Second Lien Debt Agent. After the Confirmation Date and prior to "substantial consummation" as provided in the Plan, the Reorganizing Debtors may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan, so long as such proceedings do not materially adversely affect the treatment of Holders of Claims or Interests under the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

(b) Bar Dates For Certain Claims

(i) Administrative Claims; Substantial Contribution Claims

The Confirmation Order will establish an Administrative Claims Bar Date for filing of all Administrative Claims, including Substantial Contribution Claims (but not including Professional Fee Claims or claims for the expenses of the members of the Committee or Administrative Claims in section (b)(ii), below), which date will be forty-five (45) days after the Effective Date. Holders of asserted Administrative Claims, other than Professional Fee Claims, claims for U.S. Trustee fees under 28 U.S.C. §1930, administrative tax claims and administrative ordinary course liabilities, must submit proofs of Administrative Claim on or before such Administrative Claims Bar Date or forever be barred from doing so. A notice prepared by the applicable Reorganized Debtors will set forth such date and constitute notice of this Administrative Claims Bar Date. The Reorganizing Debtors or applicable Reorganized Debtors, as the case may be, shall have forty-five (45) days (or such longer period as may be allowed by order of the Bankruptcy Court) following the Administrative Claims Bar Date to review and object to such Administrative Claims before a hearing for determination of allowance of such Administrative Claims.

(ii) Administrative Ordinary Course Liabilities

Holders of Administrative Claims that are based on liabilities incurred in the ordinary course of the applicable Reorganizing Debtors' businesses (other than Claims of governmental units for taxes and for interest and/or penalties related to such taxes) shall not be required to file any request for payment of such Claims. Such Administrative Claims, unless objected to by the applicable Reorganizing Debtors or Reorganized Debtors, shall be assumed and paid by the applicable Reorganized Debtors, in Cash, pursuant to the terms and conditions of the particular transaction giving rise to such Administrative Claim. For the avoidance of doubt, Holders of

Administrative Claims pursuant to section 503(b)(9) of the Bankruptcy Code shall be required to file a proof of Administrative Claim on or before the Administrative Claims Bar Date.

(iii) Administrative Tax Claims

All requests for payment of Administrative Claims by a governmental unit for taxes (and for interest and/or penalties related to such taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no bar date has otherwise been previously established, must be filed and served on the Reorganized Debtors and any other party specifically requesting a copy in writing on or before the later of (a) thirty (30) days following the Effective Date; and (b) one hundred and twenty (120) days following the filing of the tax return for such taxes for such tax year or period with the applicable governmental unit. Any Holder of any such Claim that is required to file a request for payment of such taxes and does not file and properly serve such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against the Reorganized Debtors or their property, regardless of whether any such Claim is deemed to arise prior to, on, or subsequent to the Effective Date. Any interested party desiring to object to an Administrative Claim for taxes must file and serve its objection on counsel to the Reorganized Debtors and the relevant taxing authority no later than ninety (90) days after the taxing authority files and serves its application.

(iv) Professional Fee Claims

All final requests for compensation or reimbursement of Professional Fees pursuant to sections 327, 328, 330, 331, 363, 503(b) or 1103 of the Bankruptcy Code for services rendered to or on behalf of the applicable Reorganizing Debtors or the Committee (if one has been appointed) prior to the Effective Date (other than Substantial Contribution Claims under section 503(b)(4) of the Bankruptcy Code) must be filed and served on the applicable Reorganized Debtors and their counsel no later than 45 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of expenses must be filed and served on the applicable Reorganized Debtors and their counsel and the requesting Professional or other entity no later than 45 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served.

(c) Payment Of Statutory Fees

On or before the Effective Date, the Reorganizing Debtors shall have paid in full, in Cash (including by check or wire transfer), in U.S. dollars, all fees payable pursuant to section 1930 of title 28 of the United States Code, in the amount determined by the Bankruptcy Court at the Confirmation Hearing.

(d) Binding Effect

The Plan shall be binding upon and inure to the benefit of the Reorganizing Debtors, all present and former Holders of Claims against and Interests in the Reorganizing Debtors, their respective successors and assigns, including, but not limited to, the Reorganized Debtors, and all other parties-in-interest in these Chapter 11 Cases.

(e) Term Of Injunctions Or Stay

Unless otherwise provided in the Plan or Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or Confirmation Order), shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or Confirmation Order shall remain in full force and effect in accordance with their terms.

(f) Setoffs

Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, each Reorganized Debtor may setoff against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before such distribution is made), any claims, rights, and causes of action of any nature that such Reorganizing Debtor or Reorganized Debtor, as applicable, may hold against the Holder of such Allowed Claim, to the extent such claims, rights, or causes of action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, the neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release by such Reorganized Debtor of any such claims, rights, and causes of action that such Reorganized Debtor may possess against such Holder. **In no event shall any Holder of Claims or Interests be entitled to setoff any Claim or Interest against any claim, right, or cause of action of the Reorganizing Debtor or Reorganized Debtor, as applicable, unless such Holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 or otherwise.**

(g) Recoupment

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim or Interest against any claim, right, or Cause of Action of the Reorganizing Debtors or the Reorganized Debtors, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Reorganizing Debtors on or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

(h) Hart-Scott-Rodino Compliance

Any shares or interests of equity of New Stock to be distributed under the provisions of the Plan to any entity required to file a Premerger Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall not be distributed until the notification and waiting periods applicable under such Act to such entity shall have expired or been terminated.

(i) Dissolution of Committee

On the Effective Date, the Committee, if any, shall dissolve and the members of the Committee shall be released and discharged from all authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Cases.

(j) Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, liens, pledges, or other security interests against any property of the Reorganized Debtors' Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns.

In addition to, and in no way a limitation of, the foregoing, to the extent the Reorganizing Debtors' property or assets are encumbered by mortgages, security interests or Liens of any nature for which any Holder of such mortgages, security interests or Liens does not have an Allowed Claim against such Reorganizing Debtor, such mortgages, security interests or Liens shall be deemed fully released and discharged for all purposes and such Holder shall execute such documents as reasonably requested by the applicable Reorganized Debtors in form and substance as may be necessary or appropriate to evidence the release of any such mortgages, security interests or Liens of any nature. If such Holder fails to execute such documents, the applicable Reorganized Debtor is authorized to execute such documents on behalf of such Holder and to cause the filing of such documents with any or all governmental or other entities as may be necessary or appropriate to effect such releases.

(k) No Admissions

Notwithstanding anything in the Plan to the contrary, nothing in the Plan shall be deemed as an admission by the Reorganizing Debtors with respect to any matter set forth in the Plan, including liability on any Claim.

(l) Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof, shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control) as well as corporate governance matters with respect to the Reorganized Debtors; provided, however, that corporate governance matters relating to the Reorganizing Debtors or Reorganized Debtors, as applicable, not organized under Texas law shall be governed by the laws of the state of organization of such Reorganizing Debtor or Reorganized Debtor.

(m) Third Party Agreements; Subordination

The Plan Distributions to the various classes of Claims and Equity Interests hereunder shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such Plan Distributions by reason of any claimed subordination rights or otherwise. All of such rights and any agreements relating thereto shall remain in full force and effect, except as compromised and settled pursuant to the Plan. Plan Distributions to Holders of Claims in classes that are subject to contractual subordination provisions are subject to distribution in accordance with such contractual subordination provisions as provided in the Plan. Plan Distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan. The right of the Debtors to seek subordination of any Claim or Equity Interest pursuant to section 510 of the Bankruptcy Code is fully reserved, and the treatment afforded any Claim or Equity Interest that becomes a Subordinated Claim or subordinated Equity Interest at any time shall be modified to reflect such subordination. Unless the Confirmation Order provides otherwise, no Plan Distributions shall be made on account of a Subordinated Claim or subordinated Equity Interest.

(n) Plan Supplement

Any and all exhibits, lists, or schedules not filed with the Plan shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court not later than fifteen (15) days prior to the Plan Voting Deadline or such other filing deadline as may be approved by the Bankruptcy Court. Holders of Claims or Interests may also obtain a copy of the Plan Supplement upon written request to the Reorganizing Debtors. Notwithstanding the foregoing, the Reorganizing Debtors, in consultation with the Second Lien Debt Agent, may amend the Plan Supplement, and any attachments thereto, through and including the Confirmation Date; provided, however, that any document contained in the Plan Supplement requiring consent of the Second Lien Debt Agent shall not be amended without the consent of the Second Lien Debt Agent.

(o) Notices

Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing (including, without express or implied limitation, by facsimile transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Reorganizing Debtors:

CDX Gas, LLC
Attention: President
1001 McKinney Street
Houston, Texas 77002
Phone: (713) 615-7426
Fax: (713) 615-7460

with a copy to:

Vinson & Elkins LLP
Attention: Harry Perrin, John West
2500 First City Tower
1001 Fannin Street
Houston, Texas 77002-6760

If to the Second Lien Debt Agent:

Credit Suisse
Attn: Didier Siffer
Eleven Madison Avenue, 10th Floor
New York, NY 10010

With a copy to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
Attn: Michael S. Stamer
One Bryant Park
New York, NY 10036

Akin Gump Strauss Hauer & Feld LLP
Attn: Scott L. Alberino
1333 New Hampshire Avenue, N.W.
Washington, DC 20036

ARTICLE IV.

SUMMARY OF EXIT FINANCING AND SECURITIES TO BE ISSUED UNDER THE PLAN

This section sets forth a summary of certain material terms of the Exit Financing and the New CDX Gas Membership Interests, and, if applicable, the CD Exploration New Membership Interests to be issued by Reorganized CDX Gas, and if applicable, CD Exploration pursuant to the Plan. On the Effective Date, the Reorganized CDX Gas Debtors will enter into definitive documentation with respect to the Exit Financing in substantial compliance with the terms and conditions contained in the Exit Financing Term Sheet attached hereto as Exhibit I. In addition, on the Effective Date, or as soon as practicable thereafter, the Reorganizing CDX Gas Debtors will enter into the **New LLC Agreement, the other Amended Governance Documents, the New Warrants Agreement and certain ancillary documents related to issuance of the New CDX Gas Membership Interests by Reorganized CDX Gas substantially in compliance with the terms and conditions contained in such documents which will be filed with the Plan Supplement.** The descriptions contained in this Article IV are summaries only.

Section 4.01 Exit Financing

CDX Gas received several expressions of interest to extend exit financing to Reorganizing CDX Gas. Reorganizing CDX Gas accepted the exit financing proposal submitted by BNP Paribas, the terms and conditions of which are attached as Exhibit I to this Disclosure Statement.

Section 4.02 Description of New Equity to be Issued

The New CDX Gas Membership Interests to be issued by Reorganized CDX Gas under the Plan shall be issued pursuant to, and with the rights and obligations set forth in the Plan Supplement, which will be filed no less than fifteen (15) days before the Plan Voting Deadline. Certain of the principal terms of the New CDX Gas Membership Interests are summarized below. The final terms are subject to definitive documentation and are therefore subject to change.

Cancellation of Existing Equity (Common and Preferred):	All existing equity interests in CDX Gas (common, preferred, warrants, accrued and unpaid dividends (if any) or any similar interests) shall be cancelled and extinguished in all respects.
New CDX Gas Membership Interests:	The New CDX Gas Membership Interests will be issued on the Effective Date as provided, and subject to the terms and conditions provided in the Plan. It is anticipated that Reorganized CDX Gas will be classified as a partnership for United States federal income tax purposes. CD Exploration will be treated as a disregarded entity or partnership for United States federal income tax purposes.
Directors and Officers:	The Directors and Officers will be appointed as provided in Section 4.5 of the Plan.

ARTICLE V.

THE SOLICITATION; VOTING PROCEDURES

Section 5.01 Solicitation Package

Accompanying this Disclosure Statement for the purpose of soliciting votes on the Plan are copies of (i) the Plan, (ii) the notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time, and place of the hearing to consider Confirmation of the Plan and related matters, and the time for filing objections to Confirmation of the Plan, and, as applicable, (iii) a Ballot or Ballots (and return envelope(s)) that you may use in voting to accept or to reject the Plan, or a notice of non-voting status (the "Solicitation Package"). Only Holders eligible to vote to in favor of or against the Plan will receive a Ballot(s) as part of their Solicitation Package. If you did not receive a Ballot and believe that you should have, please contact the Solicitation Agent at the address or telephone number set forth in the next subsection.

Section 5.02 Voting Instructions

After carefully reviewing the Plan and this Disclosure Statement, and the exhibits thereto, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. Please complete and sign your Ballot and return it in the envelope provided so that it is RECEIVED by the Plan Voting Deadline set forth on the Ballot.

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

If you have any questions about the procedure for voting your eligible Claim or with respect to the Solicitation Package that you have received, please contact the Solicitation Agent at 1-646-282-2500 or:

If by US Mail:	**If by Courier/Hand Delivery:**
CDX Gas, LLC Balloting Center c/o Epiq Bankruptcy Solutions, LLC FDR Station, P.O. Box 5014 New York, New York 10150-5014	CDX Gas, LLC Balloting Center c/o Epiq Bankruptcy Solutions, LLC 757 Third Avenue, 3rd Floor New York, New York 10017

THE SOLICITATION AGENT MUST ORIGINAL RECEIVE BALLOTS ON OR BEFORE 5:00 P.M., PREVAILING EASTERN TIME, ON _____, 2009 (THE "PLAN VOTING DEADLINE") AT THE ABOVE ADDRESS. EXCEPT TO THE EXTENT ALLOWED BY THE BANKRUPTCY COURT, BALLOTS RECEIVED AFTER THE PLAN VOTING DEADLINE WILL NOT BE ACCEPTED OR USED IN CONNECTION WITH THE DEBTORS' REQUEST FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF.

Section 5.03 Voting Tabulation

Under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received, only Holders who actually vote will be counted. The failure of a Holder to deliver a duly executed Ballot will be deemed to constitute an abstention by such Holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated, and timely received, but on which a vote to accept or reject the Plan has not been indicated, will not be counted. The Reorganizing Debtors, in their sole discretion, may request that the Solicitation Agent attempt to contact such voters to cure any such defects in the Ballots.

Except as provided below, unless the applicable Ballot is timely submitted to the Solicitation Agent before the Plan Voting Deadline, together with any other documents required

by such Ballot, the Reorganizing Debtors may, in their sole discretion, reject such Ballot as invalid and decline to utilize it in connection with seeking Confirmation of the Plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another acting in a fiduciary or representative capacity, such Person should indicate such capacity when signing and, unless otherwise determined by the Reorganizing Debtors, must submit proper evidence satisfactory to the Reorganizing Debtors of authority to so act.

The period during which Ballots with respect to the Plan will be accepted by the Reorganizing Debtors will terminate on the Plan Voting Deadline. Except to the extent permitted by the Bankruptcy Court, Ballots that are received after the Plan Voting Deadline will not be counted or otherwise used by the Reorganizing Debtors in connection with the Reorganizing Debtors' request for Confirmation of the Plan (or any permitted modification thereof). IN NO CASE SHOULD A BALLOT BE DELIVERED TO ANY ENTITY OTHER THAN THE SOLICITATION AGENT.

Section 5.04 Agreements Upon Furnishing Ballots

The delivery of an accepting Ballot to the Solicitation Agent by a Holder pursuant to one of the procedures set forth above will constitute the agreement of such Holder to accept (i) all of the terms of, and conditions to, the Solicitation and (ii) the terms of the Plan; provided, however, all parties in interest retain their right to object to Confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code.

Section 5.05 Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Solicitation Agent and the Reorganizing Debtors in their sole discretion, which determination will be final and binding. As indicated in the following subsection, effective withdrawals of Ballots must be delivered to the Solicitation Agent prior to the Plan Voting Deadline. The Reorganizing Debtors reserve the absolute right to contest the validity of any such withdrawal. The Reorganizing Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Reorganizing Debtors or their counsel, be unlawful. The Reorganizing Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including of the Ballot and the respective instructions thereto) by the Reorganizing Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Reorganizing Debtors (or the Bankruptcy Court) determine. Neither the Reorganizing Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any

of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

Section 5.06 Withdrawal of Ballots; Revocation

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Solicitation Agent at any time prior to the Plan Voting Deadline. A notice of withdrawal, to be valid, must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (iv) be received by the Solicitation Agent in a timely manner at the address set forth in the Solicitation Section contained in pages (iv) to (v) of this Disclosure Statement. Prior to the filing of the Plan with the Bankruptcy Court, the Reorganizing Debtors intend to consult with the Solicitation Agent to determine whether any withdrawals of Ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Reorganizing Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of Ballots.

A purported notice of withdrawal of Ballots which is not received in a timely manner by the Solicitation Agent will not be effective to withdraw a previously cast Ballot.

Any party who has previously submitted to the Solicitation Agent prior to the Plan Voting Deadline a properly completed Ballot may revoke such Ballot and change his or its vote by submitting to the Solicitation Agent prior to the Plan Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed Ballot is received, only the Ballot which bears the latest date will be counted for purposes of determining whether the Requisite Acceptances have been received.

Section 5.07 Delivery of Existing Securities

Any Entity in possession of existing Equity Interests in any of the Reorganizing Debtors will be required to deliver such Equity Interests to CDX Gas, 1001 McKinney, Suite 1600, Houston, Texas 77002, ATTN: Ed Donahue.

ARTICLE VI.

VALUATION ANALYSIS AND FINANCIAL PROJECTIONS

Section 6.01 Introduction

As a condition to confirmation, section 1129(a)(ii) of the Bankruptcy Code requires that the Reorganizing Debtors prove that the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Reorganizing Debtors.

To satisfy this so-called "feasibility" requirement, the Reorganizing Debtors have prepared the Pro Forma Financial Projections contained in Exhibit C to this Disclosure Statement.

In addition, section 1129(a)(7) of the Bankruptcy Code requires that Holders of Claims and Interests receive a recovery under a plan no less than the recovery they would under a liquidation of the Reorganizing Debtors' Estates. The Reorganizing Debtors developed a set of financial projections, summarized in Exhibits C and D hereto to satisfy this so-called "best interests of creditors" test. The Reorganizing Debtors' management has, through the development of the projections, analyzed the Reorganized Debtors' ability to meet their obligations under the Plan to maintain sufficient liquidity and capital resources to conduct their businesses.

Section 6.02 Financial Projections and Liquidation Analysis

The Reorganizing Debtors prepared the projections and liquidation analysis, set forth in Exhibits C and D hereto, to satisfy section 1129(a)(ii) of the Bankruptcy Code. These analyses help establish the feasibility of the Debtors' Plan, that the Plan is in the best interests of all Holders of Claims and that the new debt obligations to be incurred upon emergence from these Chapter 11 Cases is necessary for Reorganized CDX Gas to continue as a viable going concern. The Reorganizing Debtors prepared the analyses based on, among other things, the anticipated future financial condition and results of operations of Reorganized CDX Gas.

The Reorganizing Debtors prepared the analyses in good faith, based upon estimates and assumptions made by the Reorganizing Debtors' management. The estimates and assumptions in the analyses, while considered reasonable by management, may not be realized, and are inherently subject to significant uncertainties and contingencies beyond the Reorganizing Debtors' control. They also are based on outside factors such as industry performance, general business, economic, competitive, regulatory, market and financial conditions, all of which are difficult to predict. Because future events and circumstances may well differ from those assumed and unanticipated events or circumstances may occur, the Reorganizing Debtors expect that the actual and projected results will differ and the actual results may be materially greater or less than those contained in the analyses. No representations can be made as to the accuracy of the analyses or the Reorganized Debtors' ability to achieve the projected results. Some assumptions inevitably will not materialize. Actual operating results and values may vary significantly from these analyses. Furthermore, events and circumstances occurring subsequent to the date of which these analyses were prepared may differ from any assumed facts and circumstances. Moreover, unanticipated events and circumstances may come to pass, and may affect financial results in a materially adverse or materially beneficial manner. Therefore, the analyses may not be relied upon as a guaranty or other assurance of the actual results that will occur. The inclusion of the analyses herein should not be regarded as an indication that the Reorganizing Debtors considered or consider the analyses to reliably predict future performance. The analyses are subjective in many respects, and thus are susceptible to interpretations and periodic revisions based on actual experience and recent developments. The Reorganizing Debtors do not intend to update or otherwise revise the analyses to reflect the occurrence of future events, even in the event that assumptions underlying the analyses are not borne out. The

analyses should be read in conjunction with Article VIII "Certain Risk Factors Affecting the Reorganizing Debtors" and the assumptions and qualifications set forth herein.

THE ANALYSES WERE PREPARED FROM, AMONG OTHER THINGS, INFORMATION CONTAINED IN THE REORGANIZING DEBTORS' BOOKS AND RECORDS AND WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (THE "AICPA"), THE FINANCIAL ACCOUNTING STANDARDS BOARD (THE "FASB"), OR THE RULES AND REGULATIONS OF THE SEC REGARDING PROJECTIONS. FURTHERMORE, THE REORGANIZING DEBTORS' INDEPENDENT AUDITOR HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO.

THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION, RESULTS OF OPERATIONS OR CASH FLOWS. ACCORDINGLY, NEITHER THE DEBTORS NOR THE REORGANIZED DEBTORS INTEND TO, AND EACH DISCLAIMS ANY OBLIGATION TO: (A) FURNISH UPDATED ANALYSES TO HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO HOLDERS OF NEW CDX GAS MEMBERSHIP INTERESTS OR TO ANY OTHER PARTY AFTER THE EFFECTIVE DATE; (B) INCLUDE ANY SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SEC; OR (C) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE.

ARTICLE VII.

CONFIRMATION PROCEDURES

Section 7.01 The Confirmation Hearing

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

The Bankruptcy Court has scheduled the Confirmation Hearing for _____, at _____ a.m. prevailing Central Time, before the Honorable _____, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of Texas, located at Courtroom _____, _____ Floor, 515 Rusk Avenue, Houston, Texas 77002. The Confirmation Hearing may be adjourned from time to time without further notice.

Objections to confirmation of the Plan must be filed and served on the Debtors and the other parties set forth in the Disclosure Statement Order, and certain other parties, by no later than [_____], 2009, at 4:00 p.m. prevailing Central Time, in accordance with the Disclosure Statement Order. THE BANKRUPTCY COURT MAY NOT CONSIDER

OBJECTIONS TO CONFIRMATION OF THE PLAN IF ANY SUCH OBJECTIONS HAVE NOT BEEN TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

The Confirmation Hearing Notice will contain, among other things, the Plan Objection Deadline, the Plan Voting Deadline, and Confirmation Hearing Date.

Section 7.02 Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied. The Reorganizing Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Reorganizing Debtors, as Plan Proponents, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (a) made before the Confirmation of the Plan is reasonable; or (b) subject to the approval of the Bankruptcy Court as reasonable if it is to be fixed after the Confirmation of the Plan.
- Either each Holder of an Impaired Claim or Equity Interest has accepted the Plan, or will receive or retain under the Plan on account of that Claim or Equity Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that the Holder would receive or retain if the Reorganizing Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- The Reorganizing Debtors have disclosed the identity and affiliations of any individual prepared to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Reorganized Debtors or a successor to the Reorganizing Debtors under the Plan and the appointment to, or continuance in, such office of such individual is consistent with the interests of the creditors and equity holders and with public policy, and the Reorganizing Debtors have disclosed the identity of any insider that will be employed or retained by such Reorganizing Debtor, and the nature of the compensation for such insider.
- The Reorganized Debtors are not proposing any rate change requiring approval by any governmental regulatory commission.

- Each class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of each voting class pursuant to section 1129(b) of the Bankruptcy Code.

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims, Priority Tax Claims and, Other Priority Claims will be paid in full, in cash, on the Effective Date, or as soon thereafter as practicable.

- At least one class of Impaired Claims will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of that class.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Reorganized Debtors or any successors thereto under the Plan unless such a liquidation or reorganization is proposed in the Plan.

- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

- The Plan provides for the continuation after consummation of the Plan of payment of all retirement benefits, if any, at the level established under Section 1114(e)(1)(B) or (g) of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period each of the Reorganized Debtors has obligated itself to provide such benefits.

The Reorganizing Debtors believe that: (a) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (b) it complies or will have complied with all of the requirements of chapter 11; and (c) the Plan has been proposed in good faith.

(a) Best Interests of Creditors Test/Liquidation Analysis

Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each holder of a claim or interest in such Class either: (a) has accepted the Plan; or (b) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such person would receive or retain if the Reorganizing Debtors liquidated under chapter 7 of the Bankruptcy Code. In chapter 7 liquidation cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior Class receiving any payments until all amounts due to senior Classes have been paid fully or any such payment is provided for:

- Secured creditors (to the extent of the value of their collateral);

- Administrative and other priority creditors;

- Unsecured creditors;

- Debt expressly subordinated by its terms or by order of the Bankruptcy Court; and
- Equity interest holders.

As described in more detail in the Liquidation Analysis set forth in Exhibit D hereto, the Reorganizing Debtors believe that the value of any distributions in a chapter 7 case would be less than the value of distributions under the Plan because, among other reasons, distributions in a chapter 7 case may not occur for a longer period of time, thereby reducing the present value of such distributions. In this regard, the distribution of the proceeds of a liquidation would be delayed until a chapter 7 trustee and its professionals become knowledgeable about the Chapter 11 Cases and the Claims against the Reorganizing Debtors. In addition, proceeds received in a chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale, and the Reorganizing Debtors would have to pay the fees and expenses of a chapter 7 trustee in addition to the Professionals' pre-conversion fees and expenses (thereby further reducing cash available for distribution).

(b) Feasibility

The Bankruptcy Code requires a bankruptcy court to find, as a condition to confirmation, that confirmation is not likely to be followed by a debtor's liquidation or the need for further financial reorganization, unless that liquidation or reorganization is contemplated by the Plan. For purposes of showing that the Plan meets this feasibility standard, the Reorganizing CDX Gas Debtors analyzed their ability to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses. As described in more detail in the Financial Projections set forth in Exhibit C hereto, the Reorganized CDX Gas Debtors should have sufficient cash flow to pay and service their debt obligations and to fund their operations. To the extent a Reorganizing Debtor is being liquidated, such Reorganizing Debtor has the means to liquidate as provided in its Plan. Accordingly, the Reorganizing Debtors believe that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

(c) Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation that, except as described in the following section, each class of claims or equity interests that is impaired under the Plan accept the Plan. A class that is not "impaired" under a plan of reorganization is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or interest entitles the holder of that claim or equity interest; or (b) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest after the occurrence of a default—(1) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title *or of a kind that section 365(b)(2) expressly does not require to be cured*; (2) reinstates the maturity of such claim or interest as such maturity existed before such default; (3) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (4) *if such claim or such interest arises from any failure to perform a*

nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and (5) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

(d) Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if an impaired classes entitled to vote on the plan have not accepted it, provided that the plan has been accepted by at least one impaired Class. Holders of Claims or Equity Interests in Class(es) A5, A6, A7, A8, B7, B9, C5 and C7 are deemed to reject the Plan and, therefore, the Reorganizing Debtors intend to confirm the plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code states that, notwithstanding an impaired class' failure to accept a plan of reorganization, the plan shall be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims includes the following requirement that either: (a) the plan provides 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 equity 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 equity interest any property.

The Reorganizing Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan or any Exhibit or Schedule, including to amend or modify it to satisfy section l129(b) of the Bankruptcy Code, if necessary.

Section 7.03 Identity of Persons to Contact for More Information

Any interested party desiring further information about the Plan should contact the Solicitation Agent at the phone number and/or address listed in Section 5.02 of this Disclosure Statement.

ARTICLE VIII.

CERTAIN RISK FACTORS AFFECTING CERTAIN OF THE REORGANIZING DEBTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL IMPAIRED HOLDERS OF CLAIMS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

Section 8.01 General

The following provides a non-exhaustive summary of various important considerations and risk factors associated with the Plan. In considering whether to vote for or against the Plan, Holders of Claims or Interests should read and carefully consider the factors set forth below, as well as all other information set forth or otherwise referenced in this Disclosure Statement.

Section 8.02 Certain Bankruptcy Law Considerations

(a) Parties-in-Interest May Object To the Plan and Confirmation

Section 1129 of the Bankruptcy Code provides certain requirements for a chapter 11 plan to be confirmed, Parties-in-interest may object to confirmation of a plan based on an alleged failure to fulfill these requirements or other reasons. The Reorganizing Debtors believe that the Plan complies with the requirements of the Bankruptcy Code.

(b) Parties-in-Interest May Object To the Reorganizing Debtors' Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class.

The Reorganizing Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each class of Claims and Interests encompass Claims or Interests that are substantially similar to the other Claims or Interests in each such class.

(c) Undue Delay In Confirmation May Disrupt the Reorganizing CDX Gas Debtors' Operations and Have Potential Adverse Effects

The Reorganizing CDX Gas Debtors cannot accurately predict or quantify the impact on their business operations of prolonging the Chapter 11 Cases. A lengthy time in bankruptcy could adversely affect the Reorganizing CDX Gas Debtors' relationships with their customers, oil and gas leases, vendors and employees, which, in turn, could adversely affect the Reorganizing CDX Gas Debtors' competitive position, financial condition, results of operations and cash flows.

Furthermore, prolonging the Chapter 11 Cases could adversely affect the Reorganizing CDX Gas Debtors' ability to maintain its existing business and to seek out and take advantage of new business opportunities. So long as the Chapter 11 Cases continue, the Reorganizing CDX Gas Debtors' senior management will be required to spend a significant amount of time and effort dealing with the Reorganizing CDX Gas Debtors' reorganization instead of focusing exclusively on its current business and developing future business opportunities for the Reorganizing CDX Gas Debtors.

(d) The Reorganizing Debtors May Not Be Able To Obtain Confirmation of the Plan

The Reorganizing Debtors cannot ensure they will receive the requisite acceptances to confirm the Plan. But, even if the Reorganizing Debtors do receive the requisite acceptances, there can be no assurance that the Bankruptcy Court will confirm the Plan. The Bankruptcy Court could still decline to confirm the Plan if it were to determine that any of the statutory requirements for confirmation had not been met, including a determination that the terms of the Plan are not fair and equitable to Classes not accepting the Plan. Therefore, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the resolicitation of votes.

(e) Expiration or Termination of Material Restructuring Agreements

The Reorganizing CDX Gas Debtors' ability to consummate the transactions contemplated by the Plan is conditioned upon, among other things, satisfaction of the terms contained in the Exit Financing Term Sheet. Each of these agreements contains certain closing conditions and termination rights. If these Chapter 11 Cases are extended beyond the anticipated timeline, these termination rights may be triggered.

(f) Failure to Document, Close Exit Financing

One of the conditions to effectiveness of the Plan is closing of the Exit Financing. The Exit Financing Term Sheet sets forth summary terms for the Exit Financing but such terms are subject to, among other things, definitive documentation. If the parties are unable to document the Exit Financing, or unable to satisfy the conditions to closing of the Exit Financing, the Reorganizing Debtors would be unable to consummate the Plan.

(g) Risk of Non-Occurrence of the Effective Date

Although the Reorganizing Debtors believe that the Effective Date may occur within a reasonable time following the Confirmation Date, there can be no assurance as to such timing.

(h) Risk of Post-Confirmation Default

At the Confirmation Hearing, the Court will be required to make a judicial determination that the Plan is feasible, but that determination does not serve as any guarantee that there will not be any post-confirmation defaults.

The Reorganizing CDX Gas Debtors believe that the cash flow generated from operations and post-Effective Date borrowing will be sufficient to meet the Reorganized CDX Gas Debtors' operating requirements, their obligations under the Exit Financing, and other post-confirmation obligations under the Plan.

Section 8.03 Risk Factors Associated with Certain of the Reorganizing Debtors' Business

(a) The Reorganized CDX Gas Debtors May Not be Able to Meet Post-Reorganization Debt Obligations and Other Financial Commitments

To the extent Reorganized CDX Gas is unable to meet its projected financial results or achieve projected revenues and cash flows, Reorganized CDX Gas may be unable to service its debt obligations as they come due or to meet Reorganized CDX Gas' operational needs. Such a failure may preclude Reorganized CDX Gas from taking advantage of future opportunities, growing its business or responding to competitive pressures.

(b) Access to Financing and Trade Terms

Reorganized CDX Gas' operations will depend on the availability and cost of working capital financing and trade terms provided by vendors and may be adversely affected by any shortage or increased cost of such financing and trade vendor support. The Reorganizing CDX Gas Debtors believe that substantially all of their needs for funds necessary to consummate the Plan and for post-Effective Date working capital financing will be met by projected operating cash flow, the Exit Financing and trade terms supplied by vendors. However, if Reorganized CDX Gas requires working capital and trade financing greater than that provided by such sources, it may be required either to: (a) obtain other sources of financing; or (b) curtail its operations.

No assurance can be given, however, that any additional financing will be available, if at all, on terms that are favorable or acceptable to Reorganized CDX Gas. This is particularly true if the turmoil currently affecting the credit and capital markets continues into the foreseeable future. The Reorganizing CDX Gas Debtors believe that it is important to the going forward business plan that the performance of Reorganized CDX Gas meet projected results in order to ensure continued support from vendors and customers.

(c) Depletion of Reserves; Necessity of Successful Exploration and Development

Producing hydrocarbons from coal bed, shale and tight sands formations generally are characterized by declining production rates that vary depending upon the formations' characteristics and other factors. Reorganized CDX Gas' future hydrocarbon reserves and production, and, therefore, cash flow and income, will be highly dependent upon Reorganized CDX Gas' success in efficiently developing its current reserves and acquiring additional reserves that are economically recoverable.

(d) Uncertainties in Estimating Reserves and Future Net Cash Flows

The process of estimating quantities of proved reserves is complex and inherently imprecise. The process relies on interpretations of available geological, geophysical, engineering and production data. The extent, quality and reliability of this data can vary. The process also requires a number of economic assumptions, such as natural gas and oil prices, drilling and operating costs and expenses, capital expenditures, taxes and the availability of funds. Actual

results will vary from these estimates and the differences may be material. Any significant variance could reduce the estimated quantities and present value of future net revenues. The reserve data set forth in this Disclosure Statement are only estimates. There also can be no assurance that Reorganized CDX Gas' reserves will ultimately be produced within the periods anticipated. In addition, the estimates of future net cash flows from proved reserves of Reorganized CDX Gas and the present value thereof are based upon certain assumptions about future production levels, prices and costs that may not be correct when compared to actual results. The present value of estimated future net cash flows should not be construed as representative of the fair market value of the proved reserves owned by Reorganized CDX Gas since estimated future net cash flows are based upon projected cash flows, which do not provide for changes in oil and natural gas prices from those in effect on the date indicated or for changes in expenses and capital costs subsequent to such date. The meaningfulness of such estimates is highly dependent upon the accuracy of the assumptions upon which they were based.

(e) Natural Gas and Oil Prices are Highly Volatile and Lower Prices will Negatively Affect Financial Results

Reorganized CDX Gas' revenue, profitability, cash flow, future growth and ability to borrow funds or obtain additional capital, as well as the carrying value of gas and oil properties, are substantially dependent on prevailing prices of natural gas and oil. Historically, the markets for natural gas and oil have been volatile and those markets are likely to continue to be volatile in the future. It is impossible to predict future natural gas and oil price movements with certainty. Prices for natural gas and oil are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for natural gas and oil, market uncertainty and a variety of additional factors beyond Reorganized CDX Gas' control. These factors include:

- the level of consumer product demand;
- overall economic conditions;
- weather conditions;
- domestic and foreign governmental relations, regulations and taxes;
- the price and availability of alternative fuels;
- political conditions;
- the level and price of foreign imports of oil and liquefied natural gas; and
- the ability of the members of the Organization of Petroleum Exporting Countries to agree on and maintain production constraints and oil price controls.

Declines in natural gas and oil prices may materially adversely affect Reorganized CDX Gas' financial condition, results of operations, liquidity and ability to finance planned capital expenditures.

(f) Operating Hazards and Uninsured Risks

Reorganized CDX Gas' exploration, drilling and production activities are subject to numerous risks, many of which are uninsurable, including the risk that no commercially viable or natural gas production will be obtained; many of such risks will be beyond Reorganized CDX Gas' control. The decision to purchase, explore or develop a prospect or property will depend in part on the evaluation of data obtained through geographical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. The cost of drilling, completing and operating wells is often uncertain, and overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Technical problems encountered in actual drilling, completion and workover activities can delay such activity and add substantial costs to a project. Further, drilling may be curtailed, delayed or canceled as a result of many factors, including title problems, weather conditions, compliance with government permitting requirements, shortages of or delays in obtaining equipment, reductions in product prices and limitations in the market for products.

The availability of a ready market for the Reorganized CDX Gas Debtors' hydrocarbon production also will depend on a number of factors, including the demand for and supply of oil and natural gas and the proximity of reserves to pipelines or trucking and terminal facilities. Natural gas production may be partially or totally shut in for lack of a market or because of inadequacy or unavailability of natural gas pipeline or gathering system capacity.

Reorganized CDX Gas' business also will be subject to all of the operating risks associated with the drilling for and production of hydrocarbons, including, but not limited to, uncontrollable flows of oil, natural gas, brine or well fluids into the environment (including groundwater and shoreline contamination), blowouts, cratering, mechanical difficulties, fires, explosions, pollution and other risks, any of which could result in substantial losses to Reorganized CDX Gas. Although the Reorganizing CDX Gas Debtors maintain insurance at levels that they believe are consistent with industry practices, they are not fully insured against all risks and Reorganized CDX Gas may not be fully insured against all risks. The Reorganizing CDX Gas Debtors do not carry business interruption insurance and Reorganized CDX Gas may elect not to carry insurance if Reorganized CDX Gas believes that the cost of available insurance is excessive relative to the risks presented. In addition, Reorganized CDX Gas cannot insure fully against pollution and environmental risks. Losses and liabilities arising from uninsured and underinsured events could have a material adverse effect on the financial condition and operations of Reorganized CDX Gas.

(g) Government Laws and Regulations

Reorganized CDX Gas' operations will be affected from time to time in varying degrees by political developments and federal and state laws and regulations. In particular, hydrocarbon production, operations and economics are or have been in the past affected by price controls, taxes and other laws relating to the hydrocarbon industry, by changes in such laws and by changes in administrative regulations. Reorganized CDX Gas cannot predict how existing laws and regulations may be interpreted by enforcement agencies or court filings, whether additional laws and regulations will be adopted or the effect such changes may have on Reorganized CDX Gas' business or financial condition.

Reorganized CDX Gas' operations will be subject to complex and constantly changing environmental laws and regulations adopted by federal, state and local governmental authorities. The discharge of oil, natural gas, oil and natural gas exploration and production wastes or other pollutants into the air, soil or water may give rise to liabilities on the part of Reorganized CDX Gas to the government or third parties and may require Reorganized CDX Gas to incur costs of remediation. No assurance can be given that existing environmental laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations, will not materially and adversely affect Reorganized CDX Gas' operations and financial condition or that material indemnity claims will not arise against Reorganized CDX Gas with respect to properties acquired or sold by Reorganizing CDX Gas.

(h) Risks of Natural Gas Hedging Arrangements

The Reorganizing CDX Gas Debtors have historically entered into hedging arrangements for their natural gas production and Reorganized CDX Gas may do so in the future. The Exit Financing requires that Reorganized CDX Gas Debtors enter into a hedging program acceptable to the Exit Financing Lenders. Such arrangements may limit potential gains by Reorganized CDX Gas if natural gas prices were to rise substantially over the price established by the hedges and may expose Reorganized CDX Gas to the risk of financial loss in certain circumstances, including possible instances where Reorganized CDX Gas' production is less than expected or there is an unexpected event materially affecting prices. Natural gas hedging arrangements generally will provide for Reorganized CDX Gas to receive or make counterparty payments on the differential between a fixed price and a variable indexed price for natural gas. Reorganized CDX Gas will be exposed to the credit risk of nonperformance by its hedging counterparties, which generally can be quantified as the amount of unrealized gains under the contracts.

(i) The Reorganizing CDX Gas Debtors Face Strong Competition from Other Natural Gas and Oil Companies

(j) Reorganized CDX Gas will encounter competition from other natural gas and oil companies in all areas of their operations, including the acquisition of exploratory prospects and proven properties. Competitors include major integrated natural gas and oil companies and numerous independent natural gas and oil companies and drilling and income programs. Many competitors are large, well-established companies that have been engaged in the natural gas and oil business much longer than the Reorganizing CDX Gas Debtors have and possess substantially larger operating staffs and greater capital resources. These companies may be able to pay more for exploratory projects and productive natural gas and oil properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than Reorganized CDX Gas' financial or human resources permit. In addition, these companies may be able to expend greater resources on the existing and changing technologies that will be increasingly important to attaining success in the industry. Such competitors may also be in a better position to secure oilfield services and equipment on a timely basis or on favorable terms. Reorganized CDX Gas may not be able to conduct operations, evaluate and select suitable properties and consummate transactions successfully in this highly competitive environment.

(j) Dependence on Key Personnel

The Reorganizing CDX Gas Debtors believe that their current operations and future prospects are dependent to a significant extent upon the efforts of several members of its senior management team. The loss of the services of certain of these key individuals could have an adverse effect upon Reorganized CDX Gas. The Reorganizing CDX Gas Debtors currently do not maintain insurance against the loss of any of these individuals and Reorganized CDX Gas does not intend to carry such insurance.

(k) Other Operational Risks

Other companies operate some of the properties in which the Reorganizing CDX Gas Debtors have an interest. Reorganized CDX Gas will have limited ability to influence or control the operation or future development of non-operated properties or the amount of capital expenditures that Reorganized CDX Gas will be required to fund with respect to these properties. Reorganized CDX Gas' dependence on the operator and other working interest owners for these projects and their limited ability to influence or control the operation and future development of these properties could materially adversely affect the realization of targeted returns on capital and lead to unexpected future costs.

Section 8.04 Financial Information; Disclaimer

(a) Information Presented Is Based On The Reorganizing Debtors' Books And Records, And No Audit Was Performed

While the Reorganizing Debtors' management has reviewed the financial information provided in this Disclosure Statement and the Reorganizing Debtors have endeavored to present information fairly in this Disclosure Statement, because of the complexity of Reorganizing Debtors' financial matters, the Reorganizing Debtors' books and records upon which this Disclosure Statement is based might be incomplete or inaccurate. The financial information contained herein, or incorporated by reference into, this Disclosure Statement, unless otherwise expressly indicated, is unaudited.

(b) Financial Projections And Other Forward Looking Statements Are Not Assured, And Actual Results May Vary

As described in Section 6.02 of this Disclosure Statement, there are certain risks associated with the financial projections and estimates provided herein.

(c) The Projected Value of Estate Assets Might Not Be Realized

The Liquidation Analysis projects the value of the assets that will be available for payment of expenses and distributions to Holders of Allowed Claims. Assumptions to the Liquidation Analysis contained in Exhibit D hereto as described in the notes should be read carefully.

Section 8.05 Factors Affecting the Value of the Securities to be Issued under the Plan

(a) The New CDX Gas Membership Interests Issued Pursuant to the Plans May Be Illiquid

The liquidity of the New CDX Gas Membership Interests will depend, among other things, on the number of holders of such equity and Reorganized CDX Gas' financial performance, neither of which can be predicted with certainty. Additionally, there are substantial liquidity constraints on such equity. **Among other things, Reorganized CDX Gas will initially be a privately held company. Also, the New CDX Gas Membership Interests will not be registered pursuant to the Securities Act or Exchange Act and will not be listed on a public exchange or otherwise publicly traded. In addition, the New CDX Gas Membership Interests will be subject to certain restrictions on transfer to limit the number of holders thereof to ensure that Reorganized CDX Gas is not required to register the New CDX Gas Membership Interests under the Securities Act or Exchange Act.**

(b) Exemption from Registration

Reorganized CDX Gas intends to pursue an exemption from the registration requirements of the Securities Act and the Exchange Act and any other applicable law requiring registration prior to the offering, issuance, distribution or sale of securities. If the issuance of any of the New CDX Gas Membership Interests does not qualify for the exemption from securities laws provided under Section 1145 of the Bankruptcy Code, Reorganized CDX Gas will seek to issue such equity in a manner that is exempt under the applicable securities laws, whether as a private placement under Rule 506 under the Securities Act in which securities are issued only to "accredited investors," as such term is defined in Rule 501 under the Securities Act, or otherwise. If an exemption were unavailable and Reorganized CDX Gas was required to register such equity, the associated cost and delay could have an adverse impact on the value of such equity.

(c) The Estimated Recoveries to Holders of Claims, Are Not Intended to Represent the Private Sale Values of the New CDX Gas Membership Interests

The estimated recoveries to Holders receiving equity under the Plan are not intended to represent the private sale values of Reorganized CDX Gas' securities. The estimated recoveries are based on numerous assumptions, including, among other things, the successful reorganization of the Reorganizing CDX Gas Debtors, Reorganized CDX Gas' (and its affiliates, if applicable) ability to achieve the operating and financial results included in the projections, Reorganized CDX Gas' (and its affiliates, if applicable) ability to maintain adequate liquidity to fund operations and the assumption that capital and equity markets remain consistent with current conditions. Even if the Reorganized CDX Gas Debtors were to achieve results forecast by the projections, a lack of liquidity could depress its private sale values for the New CDX Gas Membership Interests.

(d) A Small Number Of Holders May Control The Reorganized Debtors

Confirmation and consummation of the Plan may result in a small number of Holders owning a significant percentage of equity issued pursuant to the Plan. Those Holders may therefore exercise a controlling influence over the businesses and affairs of Reorganized CDX Gas, have the power to elect directors, approve significant mergers, or the sale of all or substantially all of the assets of Reorganized CDX Gas.

(e) The Exercise Or Conversion of Equity Interests Will Cause Dilution to the Ownership Percentage of the New Equity

Any (i) options or other equity issued to management or employees pursuant to the Management Incentive Program (if any) and (ii) exercise of the New Warrants will dilute the New CDX Gas Membership Interests being distributed under the Plan.

(f) Reorganized CDX Gas Does Not Expect to Make Distributions on the New CDX Gas Membership Interests for the Foreseeable Future

The Reorganizing CDX Gas Debtors do not expect Reorganized CDX Gas to declare dividends in the foreseeable future with respect to the New CDX Gas Membership Interests, which may adversely affect the market for and value of such equity.

(g) The Status of Reorganized CDX Gas as a Partnership for Federal (and Potentially State) Income Tax Purposes May Affect its Value or Desirability as a Continuing Investment in the Hands of Certain Holders of Claims

As it is expected that Reorganized CDX Gas will be treated as a partnership for federal (and potentially state) income tax purposes following the issuance of membership interests to holders of Allowed Second Lien Claims, such holders should carefully review Article X of this Disclosure Statement,-"CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN – Certain U.S. Federal Income Tax Consequences to Holders of Allowed Claims," with their own tax advisors to determine how the tax implications of the Plan, these Chapter 11 Cases and their ownership of an interest in an entity treated as partnership that will be engaged in a trade or business in the United States may affect such Holders.

Section 8.06 Factors Affecting the Reorganizing Debtors

(a) The Reorganizing Debtors Have No Duty To Update

The statements contained in this Disclosure Statement are made by the Reorganizing Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Reorganizing Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Court.

(b) No Representations Outside The Disclosure Statement Are Authorized

No representations concerning or related to the Reorganizing Debtors, the Chapter 11 Cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the Reorganizing Debtors' counsel, Committee counsel, or the Office of the United States Trustee.

(c) All Information Was Provided by the Reorganizing Debtors and Was Relied Upon By Professionals

Counsel for and other professionals retained by the Reorganizing Debtors have relied upon information provided by the Reorganizing Debtors in connection with preparation of this Disclosure Statement. Counsel for and other professionals retained by the Reorganizing Debtors have not verified independently the information contained herein.

(d) This Disclosure Statement Was Not Approved By The SEC

Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

(e) No Legal Or Tax Advice Is Provided To You By This Disclosure Statement

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR HOLDER OF EQUITY INTEREST SHOULD CONSULT HIS, HER OR ITS OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS, HER, OR ITS CLAIM OR EQUITY INTEREST. THIS DISCLOSURE STATEMENT IS NOT LEGAL ADVICE TO YOU. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN OR OBJECT TO CONFIRMATION OF THE PLAN.

(f) No Admissions Made

Nothing contained herein shall constitute an admission of any fact or liability by any party (including, without limitation, the Debtors) or to be deemed evidence of the tax or other legal effects of the Plan on the Debtors or on Holders of Claims or Equity Interests.

(g) Environmental Liability Factors

The Reorganizing Debtors are subject to the requirements of federal, state and local environmental and occupational health and safety laws and regulations.

Reorganized CDX Gas Debtors' operations may involve hazardous substances. Further, some facilities had prior owners who may have had operations that involved hazardous substances. Reorganized CDX Gas Debtors may be held liable for any contamination at any current or former properties or at a location where the Debtors have disposed of waste.

(h) Pending Litigation or Demands Asserting Prepetition Liability

The Reorganizing Debtors are currently involved in various legal proceedings arising in the ordinary course of business operations. These actions are subject to the automatic stay as set forth in section 362 of the Bankruptcy Code unless relief from this automatic stay has been granted to pursue any particular action. To the extent claims arise, and are ultimately allowed, the Reorganizing Debtors believe they will be General Unsecured Claims. The Reorganizing Debtors' more significant pending prepetition litigation include the matters described on Exhibit G to this Disclosure Statement.

THESE DISCLOSURE STATEMENT FACTORS CONTAIN FORWARD-LOOKING STATEMENTS. AS A GENERAL MATTER, FORWARD-LOOKING STATEMENTS ARE THOSE FOCUSED UPON FUTURE OR ANTICIPATED EVENTS OR TRENDS AND EXPECTATIONS AND BELIEFS RELATING TO MATTERS THAT ARE NOT HISTORICAL IN NATURE. THE WORDS "BELIEVE," "EXPECT," "PLAN," "INTEND," "ESTIMATE" OR "ANTICIPATE" AND SIMILAR EXPRESSIONS, AS WELL AS FUTURE OR CONDITIONAL VERBS SUCH AS "WILL," "SHOULD," "WOULD" AND "COULD," OFTEN IDENTIFY FORWARD-LOOKING STATEMENTS. THERE IS A REASONABLE BASIS FOR THE EXPECTATIONS AND BELIEFS, BUT THEY ARE INHERENTLY UNCERTAIN, AND THE EXPECTATIONS MAY NOT BE REALIZED AND THE BELIEFS MAY NOT PROVE CORRECT. WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. THE ACTUAL RESULTS AND FUTURE FINANCIAL CONDITION MAY DIFFER MATERIALLY FROM THOSE DESCRIBED OR IMPLIED BY ANY SUCH FORWARD LOOKING STATEMENTS AS A RESULT OF MANY FACTORS THAT MAY BE OUTSIDE THE DEBTORS' CONTROL. SUCH FACTORS INCLUDE, WITHOUT LIMITATION: GENERAL ECONOMIC CONDITIONS; CHANGES IN THE OIL AND GAS BUSINESS ENVIRONMENT; FEDERAL REGULATION OF THE OIL AND GAS INDUSTRY; COMPETITION FROM EXISTING AND POTENTIAL COMPETITORS; ABILITY TO COMPLETE THE REORGANIZATION IN A TIMELY MANNER; INCREASES IN THE COSTS OF BORROWINGS AND UNAVAILABILITY OF ADDITIONAL DEBT OR EQUITY CAPITAL; IMPACT OF OUR SUBSTANTIAL INDEBTEDNESS ON OUR OPERATING INCOME AND OUR ABILITY TO GROW; THE COST OF LABOR; LABOR DISPUTES; INCREASED INSURANCE COSTS; UNCERTAINTY OF MARKET PRICES FOR HYDROCARBONS PRODUCED BY THE REORGANIZING DEBTORS OR REORGANIZED DEBTORS AND OTHER COSTS AND EXPENSES. THIS LIST OF FACTORS IS NOT INTENDED TO BE EXHAUSTIVE.

ARTICLE IX.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the alternatives to the Plan include: (a) liquidation of the Reorganizing Debtors under chapter 7 of the Bankruptcy Code; and (b) an alternative plan of reorganization.

Section 9.01 Liquidation Under Chapter 7

If no plan can be confirmed, the Reorganizing Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed (or elected) to liquidate the Reorganizing Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and Equity Interests and the Reorganizing Debtors' liquidation analysis is set forth in Section 7.02(a) above, entitled "CONFIRMATION PROCEDURES: Best Interests of Creditor's Test/Liquidation Analysis." The Reorganizing Debtors believe that liquidation under chapter 7 would result in smaller distributions to creditors than those provided for in the Plan because of: (a) the likelihood that the assets of the Reorganizing Debtors would have to be sold or otherwise disposed of in a less orderly fashion over a shorter period of time; (b) additional administrative expenses involved in the appointment of a trustee; and (c) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Reorganizing Debtors' operations.

Section 9.02 Alternative Plan of Reorganization

If the Plan is not confirmed, the Reorganizing Debtors (or if the Reorganizing Debtors' exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different plan. Such a plan might involve either a reorganization and continuation of the Reorganizing Debtors' business or an orderly liquidation of their assets. With respect to an alternative plan, the Reorganizing Debtors have explored various alternatives in connection with the formulation and development of the Plan. The Reorganizing Debtors believe that the Plan, as described herein, enables creditors to realize the most value under the circumstances.

ARTICLE X.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Reorganizing Debtors and the Reorganized Debtors, (other than that of CDX Rio), and certain Holders of Claims and Interests, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to any particular Holder of a Claim or Interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder (the "Regulations"), judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service ("IRS") as in effect on the date hereof. Legislative, judicial or administrative changes or new interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the United States federal income tax consequences of the Plan. Any such changes or new interpretations may have retroactive effect and could significantly affect the federal income tax consequences of the Plan.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Reorganizing Debtors have not requested and will not request a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the U.S. federal income tax consequences of the Plan to (i) special classes of taxpayers (such as Persons who are related to the Reorganizing Debtors within the meaning of the Tax Code, foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, investors in pass-through entities and Holders of Claims who are themselves in bankruptcy) or (ii) Holders not entitled to vote on the Plan, including Holders whose Claims or Interests are entitled to reinstatement or payment in full in cash under the Plan or Holders whose Claims or Interests are to be extinguished without any distribution.

This discussion assumes that the various debt and other arrangements to which the Debtors are a party will be respected for federal income tax purposes in accordance with their form. Furthermore, this discussion assumes that Holders of Claims or Interests hold only Claims or Interests in a single Class. Holders of multiple Classes of Claims or Interests should consult their own tax advisors as to the effect such ownership may have on the federal income tax consequences described below.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE TO THEM UNDER THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) (1) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE TAX CODE, AND (2) IS WRITTEN TO SUPPORT THE PROMOTION, MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD

SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Section 10.01 Tax Status of the Debtors

Acquisition is classified as a partnership for United States federal income tax purposes, and the remaining Debtors (other than CDX Canada, a Canadian corporation) are, for such purposes, disregarded as separate from Acquisition or are treated as partnerships. Accordingly, (i) all items of income, gain, loss, deduction and credit of such Debtors for United States federal income tax purposes, including any such items (such as gains, losses and cancellation of indebtedness ("COD") income from effectuation of the Plan), will be taken into account by the members of Acquisition and (ii) the Reorganized Debtors will, following implementation of the Plan, have no tax attributes in the nature of net operating losses from periods prior to effectuation of the Plan that would be available to shelter taxable income from its (or their) post-confirmation operations.

Section 10.02 Certain U.S. Federal Income Tax Consequences to the Debtors

In general, if a debtor conveys appreciated (or depreciated) property (i.e., property having an adjusted tax basis less (or greater) than its fair market value) to a creditor in cancelation of fully recourse debt, the debtor must recognize taxable gain or loss (which may be ordinary income or loss, capital gain or loss, or a combination of each) equal to the excess or shortfall, respectively, of such fair market value over that adjusted basis. In addition, the discharge of a recourse debt obligation by a debtor for an amount of cash, and/or fair market value of property that is less than the remaining balance of the debt obligation (as determined for U.S. federal income tax purposes) gives rise to COD income which must be included in the debtor's income, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD income (such as where the payment of the canceled debt would have given rise to a tax deduction). A specific statutory exception applies to corporate and certain other debtors if the discharge of indebtedness is granted in a title 11 bankruptcy case or pursuant to a plan approved by a bankruptcy court, and recently enacted Section 108(i) of the Tax Code permits the deferral of COD income in certain cases, but neither provision is applicable in this case.

The members of Acquisition will, by reason of Acquisition's status as a partnership for U.S. federal income tax purposes, realize (i) taxable gain or loss (which may be ordinary or capital in whole or part) as a result of the Plan to the extent the fair market value of New CDX Gas Membership Interests and New Warrants or other assets conveyed in satisfaction of a Claim exceeds, or is less than, the adjusted bases of such assets, and (ii) COD income as a result of the Plan to the extent the principal amount of a Claim (other than a Claim that, if paid, would give rise to a deduction) is cancelled for no consideration, or in exchange for cash, the fair market value of the New CDX Gas Membership Interests and New Warrants issued, or of other assets conveyed, if any, that in the aggregate is less than the "adjusted issue price" of Claim. To the extent that the consideration issued to Holders of Claims or Interests pursuant to the Plan is attributable to accrued but unpaid interest, Acquisition should be entitled to interest deductions in the amount of such accrued interest, but only to the extent that Acquisition has not already deducted such amount. Thus, the precise amount and character of taxable gain or loss, the precise

amount of COD income, or both, which the Debtors, and hence the members of Acquisition, will realize as a result of effectuation of the Plan cannot be determined until the date of the exchange.

Section 10.03 Certain U.S. Federal Income Tax Consequences to Holders of Allowed Second Lien Debt Secured Claims

Pursuant to the Plan, Holders of Allowed Second Lien Debt Secured Claims and Allowed Second Lien Secured Guarantee Claims (collectively, the "Equity Recipients") will receive, in exchange for and in full satisfaction and discharge of such Claims, New CDX Gas Membership Interests and New Warrants of Reorganized CDX Gas being issued pursuant to the Plan.

(a) Tax Consequences of the Exchanges.

(i) *In General.*

For U.S. federal income tax purposes, the Equity Recipients will be treated as exchanging their Claims for New CDX Gas Membership Interests and New Warrants in a fully taxable exchange. Each Holder will recognize gain or loss equal to the difference between (i) the fair market value as of the Effective Date of the New CDX Gas Membership Interests and New Warrants received that is not allocable to accrued interest not previously included in taxable income and (ii) the Holder's adjusted tax basis in the Claims surrendered. The amount, and the character of any gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss, will be determined by a number of factors, including, the tax status of the Holder, whether the Claim constitutes a capital asset in the hands of the Holder and how long it has been held, whether the Claim was acquired at a market discount, and whether and to what extent the Holder had previously claimed a bad debt deduction in respect of the Claim.

If the Bankruptcy Court finds that the contribution of 4.5% of the New CDX Gas Membership Interests and 100% of the New Warrants to holders of Senior Subordinated Debt Claims is a valid and lawful transfer, it is possible that such transfer would be treated, for federal income tax purposes, as a transfer of all of such interests by the Equity Recipients to the Holders of Senior Subordinated Debt Claims in a transaction outside the scope of the Plan. In that case, the transfer of 4.5% of the New CDX Gas Membership Interests and the New Warrants by the Equity Recipients to the Holders of Senior Subordinated Debt Claims would be a taxable capital transaction resulting in (i) no gain or loss to the transferors, assuming the basis in the hands of the Equity Recipients of the interests transferred is equal to the fair market value thereof, and (ii) a shift of the basis formerly attributable to the interests transferred to the Holders of Senior Subordinated Debt Claims from such interests to the interests in Reorganized CDX Gas retained by the Equity Recipients. As there is no definitive authority establishing the proper treatment of these transactions, however, each Equity Recipient should consult its own tax advisor as to the proper federal income tax treatment in its particular circumstances.

(ii) *Accrued but Unpaid Interest*.

To the extent that a portion of the New CDX Gas Membership Interests and New Warrants received in the exchange is allocable to accrued but unpaid interest not previously

included by the recipient holder in taxable income, such amount should be taxable to the Holder as interest income. Conversely, a Holder of a Claim or Interest may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Claim or Interest was previously included in the Holder's gross income but was not paid (or treated as paid) in full by the Debtors.

Although the manner in which consideration is to be allocated between accrued interest and principal for these purposes is unclear under present law, the consideration paid pursuant to the Plan shall be allocated, pursuant to the Plan, first to the principal amount of such Claim or Interest as determined for federal income tax purposes and then to accrued interest, if any, with respect to such Claim or Interest. Accordingly, in any case where a Holder receives distributions under the Plan having a value less than the principal amount of its Claim or Interest, the Debtors will allocate the full amount of consideration transferred to such Holder to the principal amount of such obligation and will not treat any amount of the consideration to be received by such Holder as attributable to accrued interest. There is no assurance that such allocation will be respected by the IRS for federal income tax purposes.

(iii) *Market Discount.*

A Holder that purchased its Allowed Claim from a prior holder at a market discount may be subject to the market discount rules of the Tax Code. Under the "market discount" provisions of Sections 1276 through 1278 of the Tax Code, some or all of any gain realized by a Holder of an Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the Allowed Claim. In general, a debt instrument is considered to have been acquired with "market discount" if its Holder's adjusted tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument (excluding "qualified stated interest") or (ii) in the case of a debt instrument issued with original issue discount, its adjusted issue price, in each case, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the Allowed Claim, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

In addition, under Section 108(e)(7) of the Tax Code, any gain recognized on the subsequent sale, exchange, redemption or other disposition of New CDX Gas Membership Interests will be treated as ordinary income to the extent the Holder of the surrendered Claim or Interest previously claimed ordinary loss deductions with respect to the surrendered Claims or Interests.

(iv) *Bad Debt and/or Worthless Security Deduction.*

A Holder who, under the Plan, receives in respect of a Claim or an Intercompany Interest an amount less than the Holder's tax basis in the Claim or an Intercompany Interest may be entitled to a bad debt deduction in some amount under Section 166(a) of the Code or a worthless security deduction under Section 165 of the Code. The rules governing character, timing and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the Holder, the obligor and the instrument with respect to which a

deduction is claimed. Holders of a Claim or an Intercompany Interest, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

(v) *Basis and Holding Period in New CDX Gas Membership Interests and New Warrants.*

A Holder's initial tax basis in the New CDX Gas Membership Interests and New Warrants received pursuant to the Plan should (except as noted in paragraph (a)(i)) equal its fair market value as of the Effective Date. A Holder's holding period for the New CDX Gas Membership Interests and New Warrants should begin on the day following the Effective Date.

(b) Tax Consequences of Holding New CDX Gas Membership Interests.

(i) *Tax Classification of Reorganized CDX Gas.*

Upon the transfer of the New CDX Gas Membership Interests to the Equity recipients, Reorganized CDX Gas will be treated for federal (and perhaps state) income tax purposes as a partnership, and a holder of New CDX Gas Membership Interests will be treated as a partner thereof, unless and until either (a) Reorganized CDX Gas elects to be treated as a corporation, or (b) Reorganized CDX Gas becomes classified as a corporation pursuant to Section 7704 of the Tax Code by reason of the membership interests in Reorganized CDX Gas being traded on an established securities market or treated as readily tradable on a secondary market (or the substantial equivalent thereof), provided that such classification would not attach if and while substantially all (90% or more) of Reorganized CDX Gas' gross income meets the requirements of a special exception applicable to traded partnerships involved in the oil and gas extractive industries.

In the event that, contrary to present expectations, Reorganized CDX Gas elects to be treated as a corporation for federal (and applicable state) tax purposes, or is required to be so treated as a result of excessive trading of its membership interests in any case where the characteristics of its gross income would fail to qualify it for the exception under which its tax status as a partnership could continue, Reorganized CDX Gas would be required to include its items of income, gain, loss, deduction and credit on its separate return and to pay any tax liability thereon, the holders of membership interests would be treated as shareholders (rather than partners) of Reorganized CDX Gas, the consequences described in (ii) below would therefore be inapplicable, and such holders would be taxable on dividends or other distributions, if any, received from Reorganized CDX Gas, or upon disposition of membership interests, under tax rules normally applicable to shareholders in a corporate entity.

As it is currently expected that the desired classification for federal income tax purposes of Reorganized CDX Gas is that of a partnership, and because the tax classification of Reorganized CDX Gas will be in the control of the Equity Participants following the transfer of New CDX Gas Membership Interests pursuant to the Plans, the following discussion assumes the classification of Reorganized CDX Gas as a partnership for federal income tax purposes.

(ii) *Effects of Partnership Status.*

Each holder of New CDX Gas Membership Interests will generally be considered a partner in Reorganized CDX Gas for federal (and possibly for applicable state) income tax purposes. Each such holder will be required to include its distributive share of the income, gains, losses, deductions and credits of Reorganized CDX Gas on its own returns, whether or not any distributions are made, and will not be taxable on distributions when received except to the extent such distributions are in excess of the distributee's adjusted basis in the New CDX Gas Membership Interests. In general, a holder's adjusted basis in New CDX Gas Membership Interests will be increased by its additional capital contributions, if any, to Reorganized CDX Gas and by such holder's distributive share of income or gains of Reorganized CDX Gas, and the holder's adjusted basis in New CDX Gas Membership Interests will be decreased by the amount of distributions to such holder and such holder's distributive share of losses or deductions of Reorganized CDX Gas. A holder will recognize gain or loss upon disposition of its New CDX Gas Membership Interests equal to the difference between the amount such holder realizes in connection with the disposition and such holder's adjusted tax basis for such New CDX Gas Membership Interests.

As Reorganized CDX Gas will be engaged in a trade or business in the United States and its assets will consist largely of U.S. real property interests, holders should consult their own tax advisors as to the tax consequences in their particular circumstances of holding New CDX Gas Membership Interests.

(iii) *Effects of Potential Tax Legislation*

The Obama Administration's recently released Fiscal Year 2010 Revenue Proposals contain provisions that, if enacted into law, would adversely affect the federal income tax treatment of expenditures for oil and gas exploration and development and the taxation of investors engaged in such activities. Among the proposals made that could adversely affect Reorganized CDX Gas and its investors are proposals to (i) repeal the current deductibility of intangible drilling and development costs and require the recovery thereof ratably over the productive life of the related property; (ii) repeal the deduction for percentage depletion; (iii) increase the amortization period for geological and geophysical expenditures from two years to seven years; (iv) repeal the domestic manufacturing deduction for oil and gas production; and (v) repeal the tax credits for production from marginal wells and enhanced oil recovery projects. The foregoing proposals for change, if included in specific legislative vehicles and enacted into law, are proposed to be effective for taxable years, or costs paid or incurred, beginning after December 31, 2010. No prediction can be made as to whether all, some or none of the foregoing proposals, variations thereof, or other changes in the tax laws applicable to oil and gas exploration, development and production will be enacted into law, or if enacted, the effective dates thereof.

(c) Tax Consequences of Exercise of the New Warrants**.**

(i) *Exercise of New Warrants.*

The New Warrants received by the Equity Recipients will constitute an option to acquire New CDX Gas Membership Interests of Reorganized CDX Gas in accordance with the terms of the New Warrants. The exercise of a New Warrant should not result in a taxable event to the

holder thereof or to Reorganized CDX Gas, and the initial tax basis of New CDX Gas Membership Interests received as a result of the exercise of a New Warrant should be equal to the sum of the Equity Recipient's tax basis in the New Warrant (determined as described in I.(a)(v) of this Section 2.03) and the price paid, if any, to exercise the New Warrant. The holding period for the New CDX Gas Membership Interests acquired through exercise of a New Warrant will generally begin on the exercise date.

It is expected that the New LLC Agreement of Reorganized CDX Gas will contain detailed provisions setting forth the proper tax accounting to be employed upon the exercise of the New Warrants. In accordance with currently proposed Regulations, such provisions may operate to cause special or corrective allocations of taxable income (or loss), but not book income (or loss) or distributable cash, to be allocated to an exercising holder of New Warrants to the extent the fair market value (at the time of exercise) of the holder's right to share in the capital of Reorganized CDX Gas pursuant to the LLC Agreement exceeds (or is less than) the sum of the holder's basis in the New Warrants plus the exercise price thereof. Each holder of New Warrants should consult their own tax advisors as to the federal income tax consequences of exercise of New Warrants prior to taking such action.

(ii) *Sale of New Warrants.*

A holder of New Warrants will generally recognize gain or loss for federal income tax purposes on the sale of the New Warrants received pursuant to the Plan in an amount equal to the difference between the amount realized on the sale and the holder's tax basis in the New Warrant (determined as described in I.(a)(v) of this Section 2.03). Gain or loss will be capital if the New Warrants are capital assets in the holder's hands. If the holder's holding period in the New Warrants (determined as described in I.(v) of this Section 2.03) is more than one year, then the gain or loss will be long-term capital gain or loss.

(iii) *Expiration or Lapse of New Warrants.*

A holder of New Warrants that allows its New Warrants to expire will generally recognize loss for federal income tax purposes to the extent of the holder's tax basis in the New Warrants (determined as described in I.(a)(v) of this Section 2.03).

Section 10.04 Information Reporting and Withholding

In general, information reporting requirements and "backup withholding" will apply to the amount of consideration received in exchange for a Claim, and the proceeds of a sale of the New CDX Gas Membership Interests or other property received in exchange for a Claim, by holders other than certain exempt recipients (such as corporations). The current rate of backup withholding is 28% but is subject to change. Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails to properly report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded or

credited against such holder's U.S. federal income taxes. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION AND CONTAINS NO DISCUSSION AS TO STATE, LOCAL OR FOREIGN TAX ASPECTS. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE XI.

CONCLUSION AND RECOMMENDATION

The Reorganizing Debtors believe that the Plan is in the best interests of all Holders of Claims, and urge those Holders of Claims entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so they will be RECEIVED by the Solicitation Agent no later than [__], 2009. If the Plan is not confirmed, or if Holders in those Classes do not vote to accept the Plan, the Holders in those Classes may not receive a distribution.

[Signature Page Immediately Follows]

Dated: Houston, Texas
June 11, 2009

CDX GAS, LLC,
On Behalf of Itself and the Other Reorganizing CDX Gas Debtors

By: _____
Name: ROBERT R MCBRIDE, IV
Title: CEO

CDX ACQUISITION COMPANY, LLC

By: _____
Name:
Title:

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Dated: Houston, Texas
June 11, 2009

CDX GAS, LLC,
On Behalf of Itself and the Other Reorganizing CDX Gas Debtors

By: _____
Name:
Title:

CDX ACQUISITION COMPANY, LLC

By: _____
Name: Kurt Talbot
Title: Managing Officer

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