

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

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

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

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DATED: October 6, 2009

## INTRODUCTION

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

### ARTICLE I

#### RULES OF INTERPRETATION, COMPUTATION OF TIME, GOVERNING LAW, DEFINED TERMS

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

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

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

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

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

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

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

“Amended and Restated Wayzata Credit Agreement” means the Amended and Restated Credit Agreement described in Section 11.1(b) that will replace the Wayzata Credit Agreement, together with such other related agreements and documents as are necessary or appropriate to give effect to the Amended and Restated Credit Agreement.

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

“Applicable Fees and Costs” means, if and to the extent not included in an Allowed Claim, the Allowed fees, costs, and expenses (including Professional Fee Claims) due to the holder of an Allowed Claim (if any) under the written agreement with the Debtor(s) giving rise to the Allowed Claim or, if there is no such an agreement or applicable Law dictates that such an agreement does not control, under applicable Law.

“Applicable Interest Rate” means the interest rate on the amount of an Allowed Claim (or portion thereof) that is specified in the written agreement with the Debtor(s) giving rise to the Allowed Claim (or portion thereof) or, if there is no such an agreement or applicable Law dictates that such an agreement does not control, the interest rate specified by applicable Law.

“Applicable Interest Period” means the period of time from the Petition Date to the date an Allowed Claim is paid in full, or such other period of time (if any) for which interest on an Allowed Claim, or portion thereof, would be due under the Bankruptcy Code (including sections 506(b) and 726(a)).

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

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

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

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

referred to, or incorporated into, the Plan or Final Order entered after notice and opportunity for hearing; (d) any Claims or Causes of Action of the Debtors for equitable subordination under section 510(c) of the Bankruptcy Code or under other applicable laws; and (e) all unresolved objections to any Disputed Claims.

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

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

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

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

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

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

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

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

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

“Clerk” means the clerk of the Bankruptcy Court.

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

“Confirmation” means the entry of the Confirmation Order.

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

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

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

“Consummation” means the occurrence of the Effective Date.

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

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

“Disclosure Statement” means the Second Amended Disclosure Statement filed by the Debtors on October 6, 2009, as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions hereof relating to the Plan, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

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

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

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

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

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

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

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

“Federal Interest Rate” means the interest rate calculated in accordance with 28 U.S.C. § 1961 for the Applicable Interest Period.

“Fee Application” means an application of a Professional under section 330, 331, 503, 506, or 1129(a)(4) of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Bankruptcy Cases.

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

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

“Final Order” or “Final Judgment” means (a) an order or judgment of a court of competent jurisdiction as to which the time to appeal, file a writ of mandamus, petition for certiorari or move for re-argument, reconsideration or rehearing has expired and as to which no appeal, writ of mandamus, petition for certiorari or other proceeding for re-argument, reconsideration or rehearing shall then be pending; or (b) in the event that an appeal, writ of mandamus, petition for certiorari or motion for re-argument, reconsideration or rehearing has been sought with respect to an order or judgment, such order or judgment shall have been affirmed by the highest court to which such order or judgment may be appealed, and/or certiorari and mandamus shall have been denied and the time to take any further appeal, petition for writ of mandamus or certiorari or move for re-argument, reconsideration or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order or Final Judgment.

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

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

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

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

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

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

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

“Investor” means an Entity that makes capital contributions after Confirmation to the Debtors in return for common stock and/or securities convertible into common stock.

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

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

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

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

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

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

“Macquarie” means Macquarie Bank Limited.

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

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

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

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

“Non-Warrant Equity Interests” means all Equity Interests other than Warrants.



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

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

“Oil Well Lien Act Claim 90-Day Full Pay Option” has the meaning set forth in Section 4.4(a)(ii).

“Oil Well Lien Act Claim Effective Date Pay Option” has the meaning set forth in Section 4.4(a)(ii).

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

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

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

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

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

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

“Professional” means an Entity (a) employed in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) to whom compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4), 506, or 1129(a)(4) of the Bankruptcy Code.

“Professional Fee Claim” means those fees and expenses claimed by Professionals pursuant to sections 330, 331, 503, 506, and/or 1129(a)(4) of the Bankruptcy Code (including Lender Professional Fees and Expenses Claims), and unpaid as of the Confirmation Date.

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

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

“Reorganized Saratoga” means Saratoga following the Effective Date.

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

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

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

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

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

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

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

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

“Warrant” has the meaning set forth in section 101(16)(C) of the Bankruptcy Code.

“Wayzata” means Wayzata Investment Partners, LLC.

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

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

“Wayzata New Shares” means 805,515 shares of common stock in Reorganized Saratoga, being an amount equal in number to the number of warrants for common stock in Saratoga issued to Wayzata immediately prior to the closing of the acquisition of the Harvest Companies, which represented five percent (5%) of the issued and outstanding shares of common stock at that time.

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

## **ARTICLE II**

### **NON-CLASSIFIED CLAIMS AND CERTAIN FEES AND TAXES**

#### **Section 2.1 Administrative Expense Claims.**

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

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

Section 2.2 **Professional Fee Claims.**

(a) Allowed Professional Fee Claims Against the Debtors. Except as otherwise provided herein (including in Section 4.3, Section 4.4, Section 4.5, Section 4.6, and Section 4.7), each holder of an Allowed Professional Fee Claim shall receive from the Reorganized Debtors, on account of such Allowed Professional Fee Claim, Cash in the amount of such Allowed Professional Fee Claim on or before the later of the Effective Date or thirty (30) days after becoming an Allowed Professional Fee Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates), unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder. Unless otherwise provided herein or otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, all secured creditors' Professional Fee Claims shall be subject to section 506(b) of the Bankruptcy Code.

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

Section 2.3 **Priority Unsecured Tax Claims.**

(a) Allowed Priority Unsecured Tax Claims. Each holder of an Allowed Priority Unsecured Tax Claim shall receive from the Reorganized Debtors Cash payments commencing upon the Effective Date that will, no later than the five (5) years from the Petition Date, in the aggregate equal the amount of such Allowed Priority Unsecured Tax Claim, with interest at such rate as required by section 511 of the Bankruptcy Code or otherwise required by section 1129(a)(9)(C) or (D) of the Bankruptcy Code, and in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the Plan, unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder.

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

Section 2.4 **Certain Fees and Taxes.**

(a) U.S. Trustee's Fees. The Debtors will continue to report to the U.S. Trustee by the twentieth (20th) of each month the total disbursements of each Debtor for the

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

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

Section 2.5 Plugging and Abandonment Claims. Any and all Claims associated with Debtors' liabilities relating to plugging, abandonment, and/or reclaiming wells, facilities, and pipelines, whether arising under contractual indemnity or otherwise, shall be unimpaired and shall be satisfied after the Effective Date in the ordinary course of business.

### **ARTICLE III**

#### **CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS; BAR DATE**

Section 3.1 Classification. Pursuant to section 1122 of the Bankruptcy Code, a Claim or Equity Interest is placed in a particular Class for purposes of voting on the Plan and receiving Distributions under the Plan only to the extent (i) the Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest in that Class, and (ii) the Claim or Equity Interest has not been paid, released, or otherwise compromised before the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims specified in section 507(a)(2) of the Bankruptcy Code, and Priority Unsecured Tax Claims are not classified under the Plan.

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

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

Class 4(b) – Louisiana State Lease 195 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 195 (Plaquemines Parish)
Class 4(c) - Louisiana State Lease 1227 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 1227 (Plaquemines Parish)
Class 4(d) - Louisiana State Lease 2726 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 2726 (Plaquemines Parish)
Class 4(e) - Louisiana State Lease 16664 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16664 (Plaquemines Parish)
Class 4(f) - Louisiana State Lease 16569 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16569 (Plaquemines Parish)
Class 4(g) - Louisiana State Lease 18014 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 18014 (Plaquemines Parish)
Class 4(h) - Louisiana State Lease 16432 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16432 (Plaquemines Parish)
Class 4(i) - Louisiana State Lease 11189 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 11189 (Plaquemines Parish)
Class 4(j) - Louisiana State Lease 5097 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 5097 (St. Mary Parish)
Class 4(k) - Louisiana State Lease 16818 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16818 (Plaquemines Parish)
Class 4(l) - Louisiana State Lease 16692 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16692 (Plaquemines Parish)
Class 4(m) - Louisiana State Lease 4407 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 4407 (Plaquemines Parish)
Class 4(n) - Louisiana State Lease 4865 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 4865 (Plaquemines Parish)

Class 4(o) - Louisiana State Lease 19680 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 19680 (Plaquemines Parish)
Class 4(p) - Louisiana State Lease 16847 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16847 (Plaquemines Parish)
Class 4(q) - Louisiana State Lease 335DP Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 335DP (Plaquemines Parish)
Class 4(r) - Louisiana State Lease 16443 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16443 (Plaquemines Parish)
Class 4(s) - Louisiana State Lease 17621 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 17621 (Plaquemines Parish)
Class 4(t) - Louisiana State Lease 18078 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 18078 (Plaquemines Parish)
Class 4(u) - Plaquemines Parish Government Agency Lease Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect Plaquemines Parish Government Agency Lease (Plaquemines Parish)
Class 4(v) - Louisiana State Lease 1268 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 1268 (Plaquemines Parish)
Class 4(w) - Louisiana State Lease 15906 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 15906 (Plaquemines Parish)
Class 4(x) - Louisiana State Lease 16393 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16393 (Plaquemines Parish)
Class 4(y) - Louisiana State Lease 16392 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16392 (Plaquemines Parish)
Class 4(z) - Louisiana State Lease 16773 Claims	Impaired	All Allowed Secured Claims arising under the Oil Well Lien Act that affect State Lease 16773 (Plaquemines Parish)

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

Section 3.3 **Claims Bar Date.** Except as otherwise provided herein, all Claims must be filed with the Bankruptcy Court on or before August 14, 2009; provided that, in accordance with Section 2.2(b), Claims for Applicable Fees and Costs (including Professional Fee Claims) must be filed within sixty (60) days after the Effective Date. The Bankruptcy Court shall not consider any Claim filed after such dates, and any such Claim shall be discharged and forever barred.

**ARTICLE IV**  
**IMPAIRMENT AND VOTING OF CLASSES; TREATMENT OF CLASSES**

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

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

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



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

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

(b) **Treatment.**

(i) The Allowed Secured Claim arising under the Macquarie Claim shall be paid by the Reorganized Debtors in Cash as follows: (x) on the Effective Date, the portion of such Allowed Secured Claim that, pursuant to the terms of the Macquarie Credit Agreement, became due and payable between the Petition Date and the Effective Date; and (y) after the Effective Date, in accordance with the terms of the Macquarie Credit Agreement.

(ii) The Liens under the Macquarie Credit Agreement and, except as otherwise provided herein, all other terms of the Macquarie Credit Agreement shall be unaffected by the Plan, Confirmation, and Consummation, and such Liens shall maintain the same validity, priority, and extent that existed on the Petition Date. Except as otherwise provided herein, the Reorganized Debtors agree to be bound by the terms of the Macquarie Credit Agreement. On the Effective Date, the Macquarie Credit Agreement (as modified in accordance with the Plan) shall be binding and enforceable in accordance with its terms against Macquarie and the Reorganized Debtors.

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

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

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

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

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

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

(i) The Allowed Secured Claim arising under the Wayzata Claim (including the portion of such Allowed Secured Claim that, pursuant to the terms of the Wayzata Credit Agreement, became due and payable between the Petition Date and the Effective Date, such as interest at the Applicable Interest Rate for the Applicable Interest Period) shall be paid by the Reorganized Debtors in Cash as follows: (x) for a period of twenty-four (24) months following the Effective Date, monthly payments of interest only at ten percent (10%) per annum, (y) from the twenty-fifth (25th) month following the Effective Date through the sixtieth (60th) month from the Effective Date, regular monthly payments of principal plus interest at ten percent (10%) per annum calculated based on a twelve (12) year amortization schedule, and (z) on the fifth (5th) anniversary of the Effective Date, a Balloon Payment of all principal, interest, and Allowed Applicable Fees and Costs then due. Notwithstanding the foregoing, the Reorganized Debtors may, in their sole discretion and without any penalty, pay any amount required or allowed to be paid under this Section 4.3(c) before it is due.

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

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

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

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

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

(i) The Allowed Secured Claim arising under the Wayzata Claim (including the portion of such Allowed Secured Claim that, pursuant to the terms of the Wayzata Credit Agreement, became due and payable between the Petition Date and the

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<sup>1</sup> The Debtors assert that, on a telephonic status conference with the Bankruptcy Court, Wayzata's counsel stated to the Bankruptcy Court and all counsel that Wayzata would bear responsibility for the cost and fees incurred by Netherland Sewell & Associates, Inc. Wayzata disagrees with the Debtors' assertion.

Effective Date, such as interest at the Applicable Interest Rate for the Applicable Interest Period) shall be paid by the Reorganized Debtors in Cash as follows: (x) for a period of twenty-four (24) months following the Effective Date, monthly payments of interest only at ten percent (10%) per annum, (y) from the twenty-fifth (25th) month following the Effective Date through the sixtieth (60th) month from the Effective Date, regular monthly payments of principal plus interest at ten percent (10%) per annum calculated based on a twelve (12) year amortization schedule, or such other rate as the Bankruptcy Court may set,<sup>2</sup> and (z) on the fifth (5th) anniversary of the Effective Date, a Balloon Payment of all principal, interest, and Allowed Applicable Fees and Costs then due. Notwithstanding the foregoing, the Reorganized Debtors may, in their sole discretion and without any penalty, pay any amount required or allowed to be paid under this Section 4.3(d) before it is due.

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

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

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

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

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

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

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

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

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

(ii) **Treatment.** Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(a) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, (i) (x) ninety percent (90%) of the amount of the Allowed Secured Claim on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) and (y) ten percent (10%) of the amount of the Allowed Secured Claim ninety (90) days after the Effective Date plus interest at the Applicable Interest Rate for the Applicable Interest Period as provided by applicable Law plus the holder's Applicable Fees and Costs as provided by applicable Law that are Allowed; provided that any attorneys' fees due in respect of any Allowed Secured Claim shall not exceed the lesser of (A) the actual amount of reasonable attorneys' fees incurred and (B) ten percent (10%) of the amount of the Allowed Secured Claim (the "Oil Well Lien Act Claim 90-Day Full Pay Option"); or (ii) one hundred percent (100%) of the Allowed Secured Claim on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) plus interest on the Allowed Secured Claim at the Applicable Interest Rate for the Applicable Interest Period as provided by applicable Law plus the holder's Applicable Fees and Costs as provided by applicable Law that are Allowed; provided that any attorneys' fees due in respect of any Allowed Secured Claim shall not exceed the lesser of (A) the actual amount of reasonable attorneys' fees incurred and (B) five percent (5%) of the amount of the Allowed Secured Claim (the "Oil Well Lien Act Claim Effective Date Pay Option").

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

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

(ii) **Treatment.** Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(b) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(c) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(d) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(e) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(f) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(g) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(h) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(i) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(j) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(k) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(l) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(m) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(n) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(o) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(p) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.



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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(q) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(r) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(s) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(t) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(u) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(v) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(w) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(x) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(y) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(z) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(aa) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

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

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

(ii) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim in Class 4(bb) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, the Oil Well Lien Act Claim 90-Day Full Pay Option or the Oil Well Lien Act Claim Effective Date Pay Option.

Section 4.5 Class 5 – Other Secured Claims.

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

(b) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed Secured Claim not in Class 2, 3, or 4(a) – 4(bb) in Cash, at the written election of such holder made on or prior to the Confirmation Hearing, (i) (x) ninety percent (90%) of the amount of the Allowed Secured Claim on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) and (y) ten percent (10%) of the amount of the Allowed Secured Claim ninety (90) days after the Effective Date plus interest at the Applicable Interest Rate for the Applicable Interest Period as provided by applicable Law plus the holder's Applicable Fees and Costs as provided by applicable Law that are Allowed; or (ii) one hundred percent (100%) of the Allowed Secured Claim on the later of the Effective Date and the date the Secured Claim becomes an Allowed Secured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) plus the holder's Applicable Fees and Costs as provided by applicable Law that are Allowed plus interest on the Allowed Secured Claim for the Applicable Interest Period at the Federal Interest Rate.

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

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

(b) **Treatment.** Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed General Unsecured Claim in Cash, at the written election of such holder made at or prior to the Confirmation Hearing, (i) (x) ninety percent (90%) of the amount of the Allowed General Unsecured Claim on the later of the Effective Date and the date the General Unsecured Claim becomes an Allowed General Unsecured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) and (y) ten percent (10%) of the amount of the Allowed General Unsecured Claim ninety (90) days after the Effective Date plus interest on the Allowed General Unsecured Claim at the Applicable Interest Rate for the Applicable Interest Period as provided by applicable Law plus Applicable Fees and Costs as provided by applicable Law that are Allowed; or (ii) one hundred percent (100%) of the Allowed General Unsecured Claim on the later of the Effective Date and the date the General Unsecured Claim becomes an Allowed General Unsecured Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) plus interest on the Allowed General Unsecured Claim for the Applicable Interest Period at the Federal Interest Rate.

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

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

(b) **Treatment.** Unless otherwise agreed to by the Debtors or, after the Effective Date, the Reorganized Debtors and such holder, the Reorganized Debtors shall pay to each holder of an Allowed State Lessor Audit Royalty Claim in Cash, at the written election of such holder made at or prior to the Confirmation Hearing, (i) (x) ninety percent (90%) of the amount of the Allowed State Lessor Audit Royalty Claim on the later of the Effective Date and the date the State Lessor Audit Royalty Claim becomes an Allowed State Lessor Audit Royalty Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) and (y) ten percent (10%) of the amount of the Allowed State Lessor Audit Royalty Claim ninety (90) days after the Effective Date plus interest on the Allowed State Lessor Audit Royalty Claim at the Applicable Interest Rate for the Applicable Interest Period as provided by applicable Law plus Applicable Fees and Costs as provided by applicable Law that are Allowed; or (ii) one hundred percent (100%) of the Allowed State Lessor Audit Royalty Claim on the later of the Effective Date and the date the State Lessor Audit Royalty Claim becomes an Allowed State Lessor Audit Royalty Claim, or as soon thereafter as is practicable (but in no event after the tenth (10th) Business Day after the later of those two dates) plus interest on the Allowed State Lessor Audit Royalty Claim for the Applicable Interest Period at the Federal Interest Rate.

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

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

(b) **Treatment.** The Reorganized Debtors shall pay to each holder of an Allowed Management Note Claim in Cash as follows: (x) for a period of twenty-four (24) months following the Effective Date, monthly payments of interest only on the Allowed Management Note Claim at the lesser of the interest rate provided for in the applicable Management Note and the interest rate provided for in Section 4.3, (y) from the twenty-fifth (25th) month following the Effective Date through the sixtieth (60th) month from the Effective Date, regular monthly payments of principal plus interest on the Allowed Management Note Claim based on a twelve (12) year amortization schedule with interest at the lesser of the interest rate provided for in the applicable Management Note and the interest rate provided for in Section 4.3, and (z) on the fifth (5th) anniversary of the Effective Date, a Balloon Payment of all principal and interest then due. Except as otherwise provided herein, the Reorganized Debtors agree to be bound by the terms of the Management Notes.

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

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

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

Section 4.10 **Class 10 – Warrants.**

(a) **Impairment and Voting.** Warrants in Class 10 are Impaired. Subject to the terms and conditions of the Plan, the holders of Allowed Equity Interests in Class 10 are entitled to vote to accept or reject the Plan.

(b) **Treatment.** Holders of Allowed Warrants in Saratoga shall retain their Allowed Equity Interests, which shall be converted to identical Equity Interests in Reorganized Saratoga on the Effective Date; provided that holders of these Allowed Warrants in Saratoga shall receive no distribution in respect of their Allowed Warrants or the Non-Warrant Equity Interests issuable upon the exercise of the Warrants until all Allowed Claims are paid in full in accordance with the terms of this Plan.

**ARTICLE V**  
**DISPUTED CLAIMS**

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

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

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

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

Section 5.5 **Payment of Disputed Claims**. At such time as a Disputed Claim becomes an Allowed Claim, the Reorganized Debtors shall distribute to the holder thereof the Distribution, if any, to which such holder is then entitled under the Plan. The holder of a Disputed Claim that later becomes an Allowed Claim shall receive interest at the Applicable Rate from the Effective Date (or such earlier or different date as is provided for herein) to the date of the Distribution in respect of the Allowed Claim. The Debtors or, after the Effective Date, the Reorganized Debtors may, but shall not be required to, make a Distribution with respect to the portion of a Disputed Claim that is not in dispute (if any) pending the resolution of the entire Claim.

**ARTICLE VI**  
**EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Section 6.1 **Assumption and Rejection**. On the Effective Date, all executory contracts and unexpired leases that exist between any of the Debtors and any Entity shall be assumed, except for any executory contract or unexpired lease that (i) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date<sup>3</sup>,

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<sup>3</sup> The Debtors have already assumed all of their oil and gas leases pursuant to the Order Granting Motion for Order Authorizing Debtors to Assume Oil and Gas Leases entered on June 23, 2009. The Debtors have also assumed two

(ii) is identified as an executory contract or unexpired lease to be rejected on the Effective Date on **Exhibit C**, as that Exhibit may be amended, restated, or supplemented prior to the commencement of the Confirmation Hearing, (iii) is separately addressed herein (including the Wayzata Credit Agreement), or (iv) has a different time period for assumption or rejection provided by order of the Bankruptcy Court or by agreement between the parties to such executory contract or unexpired lease. Specifically included within this assumption are all obligations of contractual indemnity in favor of predecessors in title created through contracts governing the transfer of oil and gas leases to the Debtors.

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

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

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

## **ARTICLE VII** **MEANS OF IMPLEMENTATION AND EXECUTION OF PLAN**

Section 7.1 **Generally.** Upon Confirmation, the Debtors shall be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of this

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unexpired leases of non-residential real property pursuant to the Order Granting Debtors' Motion to Assume Leases of Non-Residential Real Property entered on July 31, 2009. Nothing in this Disclosure Statement or the Plan should be construed as an admission or as a position taken by the Debtors as to the applicability or non-applicability of 11 U.S.C. § 365 to oil and gas leases.



Plan including the execution and filing of all documents required or contemplated by this Plan. In connection with the occurrence of the Effective Date, the Reorganized Debtors, and each of the officers thereof, are authorized to execute, deliver, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

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

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

Section 7.4 **Distributions.** All Distributions required under the Plan to holders of Allowed Claims shall be made by the Reorganized Debtors on the Effective Date, except as otherwise provided herein, from Cash on hand and/or income generated through operations. From and after the Confirmation Date, costs and expenses shall be paid in the ordinary course of business.

## **ARTICLE VIII** **DISTRIBUTIONS**

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

Section 8.2 **Timing of Distributions.** Any Distribution to be made under the Plan on a day other than a Business Day shall be due on the next succeeding Business Day. If a Claim or portion thereof has not been Allowed at the time a Distribution in respect of that Claim or portion

would be due under the Plan, then, subject to Section 5.5, that Distribution shall not occur at that time and shall instead occur within ten (10) Business Days of the Claim or portion becoming Allowed; provided that, if a portion of the Claim has been Allowed at the time a Distribution is due, then, in accordance with Section 5.5, the Distribution in respect of the Allowed portion may be made in accordance with the terms of the Plan.

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

Section 8.4 **Minimum Distributions; No Fractional Distributions; No Interest.** No Distribution of Cash less than One Hundred Dollars (\$100.00) is required to be made to any holder of an Allowed Claim unless a request therefore is made in writing to the Debtors or, after the Effective Date, the Reorganized Debtors. No Distribution of fractional dollars is required; Distributions shall be rounded up or down to the nearest whole dollar. Except as otherwise expressly provided herein, no holder of any Allowed Claim shall be entitled to any post-Petition Date interest on such Claim.

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

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

Section 8.7 **Withholding.** The Debtors or, after the Effective Date, the Reorganized Debtors may at any time withhold from any Distribution to any holder of an Allowed Claim (except the Internal Revenue Service) such amounts sufficient to pay any Tax or other charge that has been or may be imposed on such holder with respect to the amount distributable or to be distributed under the income Tax laws of the United States or of any other Governmental Authority by reason of any Distribution provided for in the Plan, whenever such withholding is

determined by the Debtors or, after the Effective Date, the Reorganized Debtors and in their sole discretion, to be required by any Law. The Debtors or, after the Effective Date, the Reorganized Debtors in the exercise of their sole discretion may enter into agreements with taxing or other Governmental Authorities for the payment of such amounts that may be withheld in accordance with the provisions of this Section 8.7. Notwithstanding the foregoing but without prejudice to any rights of the Debtors or, after the Effective Date, the Reorganized Debtors, such holder of an Allowed Claim shall have the right with respect to the United States, or any other Governmental Authority, to contest the imposition of any tax or other charge by reason of any Distribution under the Plan.

Section 8.8 **Time Bar to Cash Payments.** Checks issued in respect of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Debtors or, after the Effective Date, the Reorganized Debtors by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of the first (1st) anniversary of the Effective Date and the date ninety (90) days after such Claim is Allowed, and the failure timely to make any such claim shall result in such Claim being forever barred and discharged.

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

**ARTICLE IX**  
**ACCEPTANCE OR REJECTION OF THE PLAN**

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

Section 9.2 **Class Acceptance Requirement.** An Impaired Class of Claims shall have accepted the Plan if (i) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. An Impaired Class of Equity Interests shall have accepted the Plan if the holders (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the Allowed Equity Interests actually voting in such Class have voted to accept the Plan. For purposes of calculating the number of Allowed Claims in a class of Claims held by holders of Allowed Claims in such class that have voted to accept or reject the Plan under section 1126(c) of the Bankruptcy Code, all Allowed Claims in such class held by one entity or any Affiliate shall be aggregated and treated as one Allowed Claim in such class.

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

**ARTICLE X**  
**EFFECT OF CONFIRMATION OF PLAN**

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

INCLUDING THOSE IDENTIFIED ON **EXHIBIT G** TO THE DISCLOSURE STATEMENT, WILL BE PRESERVED AND PROSECUTED AFTER THE EFFECTIVE DATE.

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

Section 10.3 **Amended and Restated Wayzata Credit Agreement.** On the later of the Effective Date and the date the Wayzata Claim becomes an Allowed Claim, the Amended and Restated Wayzata Credit Agreement shall become effective and be enforceable in accordance with its terms. Entry of the Confirmation Order shall constitute approval of the terms of the Amended and Restated Wayzata Credit Agreement.

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

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

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

Section 10.7 **Discharge of Debtors and Claims.** The rights afforded herein and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of every nature, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or the Reorganized Debtors, or any of their Assets. Except as otherwise provided herein, on the

Effective Date (i) all such Claims against, and Equity Interests in, the Debtors shall be satisfied, discharged, and released in full and (ii) all Entities shall be precluded from asserting against the Debtors or the Reorganized Debtors to the extent the Claims are satisfied in full, their Assets, or any other or further Claims or Equity Interests based upon any act or omission, transaction, or other activity of any kind or nature, whether known or unknown, that occurred prior to the Effective Date, whether or not (a) a proof of claim or interest based upon such Claim or Equity Interest is filed or deemed filed under section 501 of the Bankruptcy Code, (b) such Claim or Equity Interest is allowed under section 502 of the Bankruptcy Code, or (c) the holder of such Claim or Equity Interest has accepted the Plan; provided that the discharge shall not apply to the Debtors' contingent liability (if any) for plugging, abandonment, and/or reclaiming wells, facilities, and pipelines, whether such liabilities are direct or arise through contractual indemnity obligations. Except as provided herein, the Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor.

Section 10.8 **No Successor Liability.** Except as otherwise specifically provided in this Plan or the Confirmation Order, neither the Debtors nor the Reorganized Debtors will have any responsibilities, pursuant to this Plan or otherwise, for any liabilities or obligations of the Debtors or any of the Debtors' past or present Affiliates relating to or arising out of the operations of or Assets of the Debtors or any of the Debtors' past or present Affiliates, whether arising prior to, or resulting from actions, events, or circumstances occurring or existing at any time prior to the Effective Date. The Reorganized Debtors shall have no successor or transferee liability of any kind or character, for any Claims; provided that the Reorganized Debtors shall have the obligations for the payments specifically and expressly provided, and solely in the manner stated, in this Plan.

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

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

**ARTICLE XI**  
**CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE**

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

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

(b) **Amended and Restated Wayzata Credit Agreement**. The Wayzata Credit Agreement shall have been replaced by an Amended and Restated Credit Agreement by and among Reorganized Saratoga, Wayzata, and other appropriate Entities, and such other related agreements and documents as are necessary or appropriate to give effect to the Amended and Restated Credit Agreement, and these shall have been executed and delivered by all parties thereto. This Amended and Restated Credit Agreement and these other agreements and documents shall include the terms and conditions set forth in Section 4.3(c) or Section 4.3(d), as appropriate, and in **Exhibit B**, and such other terms and conditions—consistent with this Plan, with the transactions contemplated herein, and with a non-predatory secured loan with a substantial equity cushion that most closely resembles a first-lien loan—as the parties thereto may agree on; provided that, if there is a dispute over the terms and conditions and the parties cannot agree, then the Bankruptcy Court shall resolve the dispute, with the resulting Amended and Restated Credit Agreement and other agreements and documents being binding and enforceable in accordance with their terms against the Reorganized Debtors, Wayzata, and other appropriate Entities without execution by any of these Parties.

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

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

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

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

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

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

## **ARTICLE XII**

### **RETENTION OF JURISDICTION**

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

- (a) To construe and to take any action to enforce this Plan and to issue such orders as may be necessary for the implementation, execution and confirmation of this Plan;
- (b) To determine the allowance or classification of Claims or Equity Interests (including the Applicable Interest Rate, the Applicable Interest Period, and Applicable Fees and Costs) and to determine any objections thereto;
- (c) To determine rights to Distribution pursuant to this Plan;
- (d) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;



(e) To determine any and all applications, motions, adversary proceedings, contested matters and other litigated matters that may be pending in the Bankruptcy Court on or initiated after the Effective Date;

(f) To hear and determine any objection to Administrative Expense Claims or Claims;

(g) To hear and determine any Causes of Action brought or continued by the Debtors to the maximum extent permitted under applicable Law;

(h) To hear and determine motions of the Reorganized Debtors seeking the examination of any Entity pursuant to Bankruptcy Rule 2004, for purposes including investigations of potential Causes of Action, to the same extent the Debtors were entitled to seek such examinations prior to the Effective Date;

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

(j) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(k) To hear and determine matters concerning any release, exculpation, or discharge and to enforce the injunctions set forth in the Plan;

(l) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(m) To hear and determine all Fee Applications;

(n) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or any transactions, documents, or agreements contemplated by the Plan (including the Amended and Restated Wayzata Credit Agreement);

(o) To hear and determine all questions and disputes regarding title to, and any action to recover any of, the Assets or property of the Debtors or their Estates, wherever located;

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

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

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

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

**ARTICLE XIII**  
**MISCELLANEOUS**

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

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

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

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

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

Section 13.3 **Revocation or Withdrawal of the Plan.** The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Plan is revoked or withdrawn prior to the Confirmation Date, the Plan shall be deemed null and void. In such event, all of the respective obligations of the Debtors and the holders of Claims and Equity Interests shall remain unchanged and nothing contained herein or in the Disclosure Statement shall be deemed an admission or statement against interest or to constitute a waiver or release of any claims by or against the Debtors or any other Entity or to prejudice in any manner the rights of any Debtor or any Entity in any further proceedings involving the Debtor or Entity.

Section 13.4 **Dissolution of Committees.** On the Effective Date, the Unsecured Creditors' Committee and its Professionals and the Equity Holders' Committee and its Professionals shall be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to or arising from or in connection with the Bankruptcy Cases, and the Unsecured Creditors' Committee and the Equity Holders' Committee shall be deemed dissolved; provided that, in the event that the Effective Date occurs prior to the entry of

an order with respect to final fee applications of Professionals for the Unsecured Creditors' Committee or the Equity Holders' Committee, the Unsecured Creditors' Committee and the Equity Holders' Committee and their Professionals may seek and recover reasonable compensation in connection with the preparation, filing and prosecution of such applications.

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

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

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

The Debtors or Reorganized Debtors:

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

and

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

With copies, which shall not constitute notice, to:

Adams and Reese LLP  
Attention: Robin B. Cheatham and John M. Duck  
4500 One Shell Square  
New Orleans, Louisiana 70139  
Telephone: (504) 581-3234

and to:

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

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

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

DATED: October 6, 2009

Respectfully submitted:

**ADAMS AND REESE, LLP**

By: /s/ John M. Duck

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