

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF LOUISIANA
LAKE CHARLES DIVISION

IN RE:	§	
	§	
WILLIAM B. LAWTON COMPANY, L.L.C.	§	CASE NO. 17-20948
	§	
RIVER OAKS EXPLORATION, L.L.C.	§	CASE NO. 17-20949
	§	
RAYVILLE RESOURCES, L.L.C.	§	CASE NO. 17-20950
	§	
Debtors ¹	§	CHAPTER 11
	§	
	§	(JOINTLY ADMINISTERED
	§	UNDER CASE NO. 17-20948)

DEBTORS' JOINT PLAN OF LIQUIDATION AND INCORPORATED DISCLOSURE
STATEMENT PURSUANT TO CHAPTER 11 OF THE UNITED STATES
BANKRUPTCY CODE

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DATED: April 9, 2018

¹ The last four digits of the Debtors' Federal Tax ID Numbers are: William B. Lawton Company, L.L.C. (**9046**), Rayville Resources, L.L.C. (**0646**), and River Oaks Exploration, L.L.C. (**2935**).

INTRODUCTION

Pursuant to Chapter 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”), William B. Lawton Company, L.L.C. (“**Lawton**”), River Oaks Exploration, L.L.C. (“**River Oaks**”) and Rayville Resources, L.L.C. (“**Rayville**”)(collectively “**Debtors**”) as debtors and debtors-in-possession, respectfully propose the following Plan of Liquidation (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 AND DISCLOSURE STATEMENT

1.1. Rules of Interpretation, Computation of Time and Governing Law.

(1) For purposes of the Plan: (a) 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; (b) 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; (c) 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; (d) unless otherwise specified, all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form 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.

(2) In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

(3) 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.

1.2. Defined Terms.

As used in the Plan, the following terms shall have the respective meanings specified below and be equally applicable to the singular and plural of terms defined.

(1) **Administrative Expense Claim** means any Claim constituting a cost or expense of the administration of the Bankruptcy Case asserted under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the estate of the Debtor, any actual and necessary costs and expenses of operating the

business of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor 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.

(2) Allowed shall mean, with reference to any Claim or Equity Interest, (a) any Claim against or Equity Interest in the Debtors which have 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 Claim, "Allowed" Claim, 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.

(3) Assets means all assets of the Debtors of any nature whatsoever, including, without limitation, the property of the estate pursuant to section 541 of the Bankruptcy Code, Cash, Cash Equivalents, claims of right, interests and property, real and personal, tangible and intangible.

(4) Assigned Causes of Action means all the Causes of Action of the Debtors, which are assigned to the Liquidation Trust by the Debtors upon the Effective Date.

(5) Bankruptcy Case means the bankruptcy cases filed by the Debtors under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, Case Nos. 17-20948, 17-20949, and 17-20950, which are being jointly administered under Case No. 17-20948.

(6) Bankruptcy Causes of Action shall mean all Claims and Causes of Action of the Debtors against any and all third parties of any type or description, including without limitation, 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.

(7) Bankruptcy Code means Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, as applicable to the Bankruptcy Case.

(8) Bankruptcy Court means the United States Bankruptcy Court for the Western District of Louisiana or such other court having jurisdiction over the Bankruptcy Case.

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

(10) Business Day means a day other than a Saturday, a Sunday or any other day on which commercial banks in Lake Charles, Louisiana are required or authorized to close by law or executive order.

(11) Cash means the lawful currency of the United States of America.

(12) Causes of Action shall mean, without limitation, any and all actions, causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands whatsoever, whether known or unknown, in law, equity or otherwise, including, without limitation, any and all Bankruptcy Causes of Action or other causes of action under title 11 of the United States Code.

(13) 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 the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

(14) Class shall mean a category of holders of Claims or Equity Interests, as more fully described in Article II of the Plan.

(15) Clerk shall mean the clerk of the Bankruptcy Court.

(16) Collateral shall mean any property or interest in property of the Debtor's Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code, or applicable state or other law.

(17) Confirmation means the entry of the Confirmation Order.

(18) Confirmation Date means the date upon which the Clerk enters the Confirmation Order on the docket in the Bankruptcy Case.

(19) 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.

(20) Confirmation Order means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

- (21) Consummation means the occurrence of the Effective Date.
- (22) Debtors means Lawton, Rayville, and River Oaks.
- (23) Disputed Claim means any Claim against 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.
- (24) Distribution means a distribution of Cash or other non-Cash consideration made by the Liquidation Trustee pursuant to the Plan.
- (25) Effective Date means 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 IX of the Plan.
- (26) 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 government or any subdivision thereof or any other entity.
- (27) Equity Interest shall have the meaning assigned to the term “Equity Security” in section 101(16) of the Bankruptcy Code.
- (28) Estate means the estate created upon the commencement of the Bankruptcy Case by section 541 of the Bankruptcy Code.
- (29) Fee Application means an application of a Professional under section 330, 331, or 503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Bankruptcy Case.
- (30) File or Filed means file or filed with the Bankruptcy Court in the Bankruptcy Case.
- (31) Final Decree means the decree contemplated under Bankruptcy Rule 3022 as applied to this Bankruptcy Case.
- (32) 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.

(33) General Unsecured Claim means an Unsecured Claim that is not a/an (a) Administrative Expense Claim, (b) Professional Fee Claim, (c) Priority Unsecured Claim, (d) Secured Claim, or (e) Equity Interest, and (f) includes all other Claims not separately classified under the Plan.

(34) 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.

(35) Holder and collectively, Holders mean a Person or Entity holding an Equity Interest or Claim, and with respect to a vote on the Plan, means the beneficial Holder as of the Distribution record date or any authorized signatory who has completed and executed a Ballot in accordance with the Voting Instructions.

(36) Impaired or Impairment has the meaning set forth in section 1124 of the Bankruptcy Code.

(37) Initial Liquidation Trust Funds means the amount of cash held by each of the Debtors on the Effective Date, which shall be placed in the Liquidation Trust and used by the Liquidation Trustee to begin to fulfill its duties.

(38) Intercompany Claim means any Claim that exists between or among the Debtors on the Effective Date.

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

(40) 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.

(41) Lawton means William B. Lawton Company, L.L.C., Debtor in Case No. 17-20948.

(42) 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.

(43) Liquidation Trust means the trust created on the Effective Date pursuant to the Liquidation Trust Agreement.

(44) Liquidation Trust Agreement means the agreement governing the Trust and any exhibits, supplements or amendments thereto, filed no later than five (5) days prior to the Confirmation Hearing and which shall thereupon become an exhibit to this Joint Plan.

(45) Liquidating Trustee means the individual selected by the Debtors in their business judgment and approved by the Bankruptcy Court to act as trustee of and administer the Liquidation Trust for the benefit of the Liquidation Trust Beneficiaries.

(46) Liquidation Trust Assets means all of the Assets of the Debtors (including the Assigned Causes of Action) assigned and transferred to the Liquidation Trust by the Debtors upon the Effective Date.

(47) Liquidation Trust Beneficiaries means those Holders of Allowed Administrative Expense Claims, Allowed Professional Fee Claims, and, Class 1, 2, and 3 creditors who are entitled to receive Distributions from the Liquidation Trust, as and to the extent set forth herein.

(48) Liquidation Trust Beneficial Interest Principal Amount means each Liquidation Trust Beneficiary's Claim.

(49) Liquidation Trust Interests means each Liquidation Trust Beneficiary's interests in the Liquidation Trust.

(50) Liquidation Trust Expenses means all actual and necessary fees, costs, expenses and obligations incurred by or owed to the Liquidation Trustee and his or her agents, employees, attorneys, advisors and other professionals in administering this Plan and the Liquidation Trust, including, without limitation, (i) reasonable compensation for services rendered, and reimbursement for actual and necessary expenses incurred by the Liquidation Trustee and his or her agents, employees and professionals after the Effective Date and including the date upon which the Bankruptcy Court enters a final decree closing this Bankruptcy Case, and (ii) all fees payable pursuant to Section 5.3. of this Plan.

(51) Oil and Gas Liability Insurance Policies mean all oil and gas liability insurance policies and oil and gas umbrella policies held by the Debtors.

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

(53) Petition Date means the date on which the Debtors commenced their Bankruptcy Cases, October 10, 2017.

(54) Plan means this Joint Plan of Reorganization for the Debtors pursuant to chapter 11 of the Bankruptcy Code, including, without limitation, any exhibits and schedules hereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions hereof.

(55) Plan Documents means all of the agreements, instruments and documents referenced in Article V of the Plan and all other agreements, instruments and documents as the Debtors, in its sole discretion, deems necessary or appropriate to effectuate the terms and conditions of or transactions contemplated by the Plan.

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

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

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

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

(60) Pro Rata means a proportionate share, so that (a) the ratio of (x) the consideration distributed on account an Allowed Claim or Allowed Equity Interest to (y) the amount of such Allowed Claim or Allowed Equity Interest is the same as (b) the ratio of (x) the amount of the consideration distributed on account of all Allowed Claims or Allowed Equity Interests receiving such consideration to (y) the amount of such Allowed Claim or Allowed Equity Interest receiving such consideration.

(61) Rayville means Rayville Resources, L.L.C., Debtor in Case No. 17-20950.

(62) Reorganized Debtors mean the Debtors, Lawton, Rayville and River Oaks, upon the Effective Date.

(63) River Oaks means River Oaks Exploration, L.L.C., Debtor in Case No. 17-20949.

(64) 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.

(65) Secured Claim means a Claim against the Debtors that is secured by a 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.

(66) Unimpaired has the meaning set forth in section 1124 of the Bankruptcy Code.

1.3 Disclosure Statement, Background History of the Debtors, and Events Leading to the Bankruptcy Cases.

William B. Lawton Company, L.L.C.

Debtor, William B. Lawton Company, L.L.C. (formerly named Wm. T. Burton Industries, Inc.), was organized by William T. Burton (“Burton”) in 1955. Lawton was capitalized with properties, particularly including mineral interests, accumulated by Burton over the previous 40 years.

The financial problems facing Debtors result from “legacy litigation.” *Trahan v. BP Am. Prod. Co.*, 2016 (La.App. 3 Cir. 12/7/16, 1), 209 So.3d 166, 169, writ denied, 2017-0022 (La. 3/24/17), 216 So.3d 815, defined “legacy litigation” as follows:

“Legacy litigation” refers to hundreds of cases filed by landowners seeking damages from oil and gas exploration companies for alleged environmental damage in the wake of this Court’s decision in *Corbello v. Iowa Production*, 02–0826 (La. 2/25/03), 850 So.2d 686. These types of actions are known as “legacy litigation” because they often arise from operations conducted many decades ago, leaving an unwanted “legacy” in the form of actual or alleged contamination. Loulan Pitre, Jr., “*Legacy Litigation*” and *Act 312 of 2006*, 20 Tul. Envt. L.J. 347, 34 (Summer 2007).

To date, one or more of the Debtors have been named a defendant in six “legacy” lawsuits. Lawton successfully resolved three of the cases. One resulted in a financial disaster from which Debtors have been unable to recover, and two are currently pending.

Burton was born in Orange, Texas in 1884. At age 17, he moved to Sulphur, Louisiana to work. By 1914, Burton was involved in oil and mercantile businesses. Within a few years, Burton was in the shell dredging business. He began buying land, planting rice, building roads, and running a ferry. Over the years, Burton was additionally involved in banking, cattle, timber, marine construction and repair, barge and marine towing, and sugar industries. Burton operated a shipyard on the Calcasieu River in Calcasieu Parish, Louisiana. In the oil business, Burton acquired oil and gas mineral leases from private landowners and from political entities such as the State of Louisiana. As a broker, Burton acquired mineral leases for others such as the Yount-Lee Oil Company, which is believed to be the predecessor of Stanolind Oil Company, Pan American Petroleum Company, Amoco Production Company, and BP America Production Company. Burton entered into mineral subleases as a sublessor and as a sublessee. Burton was a farmor and a farmee of mineral lease working interests. Burton assigned and received assignments of various mineral interests, including minerals.

Burton drilled and operated wells for his own account. He also invested in wells drilled and operated by others, such as J. G. Sutton, and J. G. Sutton Oil Company, Inc. In 1936, Burton acquired a 50% net profits interest in certain wells drilled by J. G. Sutton Oil Company, Inc., the bank account for which was identified as the "Sutton Joint Account." While disputed by others, Lawton does not consider itself a successor to the Sutton Joint Account.

In 1920 working and non-working interests in leases, royalties, and overriding royalties, Burton acquired State Lease 42 from the State of Louisiana. State Lease 42 covers portions of the beds of Black Lake and Black Lake Bayou in northwest Cameron Parish, Louisiana. Burton drilled wells on State Lease 42 and also subleased State Lease 42 to Yount-Lee Oil Company and others. In the 1930s, Burton acquired additional mineral leases from the State of Louisiana, some of which were never drilled. The following State Leases are relevant because wells were drilled pursuant to the leases: State Leases 318, 327, 330, 332, 334, 335, 336, 337, 340, 341, and 344. In 1947, Burton and Stanolind Oil and Gas Company jointly acquired State Lease 1329. Portions of this lease were included in compulsory unit operated by Burton. Burton and others drilled wells on State Lease 318.

By separate transactions, Burton subleased State Leases 334, 335, 340, and 341 to The Texas Company, which through merger is now believed to be Chevron USA, Inc. Chevron USA, Inc. and its predecessors subleased and/or farmed out portions of these State Leases to third parties. Hundreds of wells have been drilled on these State Leases by The Texas Company and its successors, assigns, and sublessees. Burton subleased State Lease 330 and 332 to Stanolind Oil Company, believed to be a predecessor to BP America Production Company. Wells are believed to have been drilled on these leases and/or on leases, the units for which, included portions of State Leases 330 and 332. Burton subleased State Lease 336 to Continental Oil Company, believed to be a predecessor of ConocoPhillips Company. Wells are believed to have been drilled on this lease. Burton subleased State Lease 337 to Amerada Petroleum Corporation. Wells are believed to have been drilled on this lease. Burton subleased State Lease 344 to The Superior Oil Company, believed to be a predecessor of ExxonMobil Exploration and Production South Inc. Wells have been drilled on this lease.

As a consequence of the settlement of the tidelands dispute between the United States of America and the State of Louisiana, the portion of State Lease 340 located South of the 1975 Decree Line in the Gulf of Mexico was ratified by the United States as a federal lease and was identified as Outer Continental Shelf Lease 0310 ("OCS 0310"). Wells were drilled on OCS 0310 by The Texas Company and its successors, assigns, and sublessees.

The above referenced State Leases are located in the following parishes: State Lease 42 in Cameron Parish; State Lease 318 in Jefferson, Livingston, Orleans, Tangipahoa, St. Charles, St. John the Baptist, and St. Tammany Parishes; State Lease 327 in Avoyelles and Rapides Parishes; State Lease 330 in Vermilion Parish; State Lease 332 in Acadia, Allen, Evangeline, and Jefferson Davis Parishes; State Lease 334 in Iberia Parish; State Lease 335 Plaquemines and St. Bernard Parishes; State Lease 336 in Acadia, Evangeline, and St. Landry Parishes; State Lease 337 in Lafayette, St. Landry, St. Mary, and Vermilion Parishes; State Lease 340 in Iberia, St. Mary, Terrebonne, and Vermilion Parishes; State Lease 341 in St. Mary and Terrebonne Parishes; State Lease 344 in Cameron Parish; State Lease 348 in Lafourche and St. Charles Parishes; State Lease 1329 in St. Landry Parish.

For his own account, Burton drilled and operated wells in the following fields located Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bossier, Caddo, Calcasieu, Cameron, De Soto, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Natchitoches, Orleans, Plaquemines, Pointe Coupee, Rapides, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Vernon, West Baton Rouge, and West Feliciana Parishes: Bayou des Allemands Field, Bayou Long Field, Bayou Rogers Field, Bayou Serpent Field, Bell City Field, Cameron Meadows Field, Cane Brake Field, Caster Creek Field, Cheneyville Field, Choupique Field, Cowards Gully Field, David Hass Field, Edgerly Field, Egan Field, East Bell City Field, East Hackberry Field, East Lake Palourde Field, East Moss Lake Field, Elm Grove Field, Iowa Field, Jennings Field, LA Wildcat Field, Lake Long Field, Lake Palourde Field, Lake St. Catherine Field, Maurice Field, North Elton Field, Pine Ridge Field, Port Barre Field, Reddell Field, Simon Pass Field, South Lake Charles Field, Southwest Esther Field, Starks Field, Tepetate Field, Unknown Pass Field, Vermilion 107 Field, Vermilion Island Block 116 Field, Vinton Field, West Backridge Field, West Hackberry Field, and West Tepetate Field.

The following details relate to some of the fields in which Burton conducted drilling and operations:

West Hackberry Field: Starting in the early 1920s, Burton began leasing and drilling in the West Hackberry Field in northwest Cameron Parish. He drilled wells for his own account as lessor or on leases acquired by him from others. He subleased to others including Stanolind Oil and Gas Company, Inc. which drilled numerous wells. He acquired subleases from others including J. G. Sutton Oil Company, Inc. He invested in wells drilled by others including wells drilled by J. G. Sutton Oil Company, Inc. He was granted and subsequently assigned and subleased to others State Lease 42 (which covered portions of the beds of Black Lake and Black Lake Bayou). Burton, his assigns and sublessees, were extremely active drilling and producing numerous wells in West Hackberry Field area.

Cameron Meadows Field: In 1927, the Cameron Parish School Board leased Section 16, Township 14 South, Range 13 West to S. W. Sweeney ("1927 CPSB Lease"). The lease covered property included in the Cameron Meadows Field. Sweeney conveyed the 1927 CPSB Lease to Gulf Refining Company (believed to be a predecessor to Chevron U.S.A., Inc.) which, in 1933, subleased with a reservation of 50% to J. G. Sutton. Sutton conveyed 1/3 of his interests each to Burton and Mason P. Erwin.

In 1933, Burton-Sutton Oil Co., Inc. ("Burton-Sutton") was organized; and Sutton, Mason, and Burton conveyed their interests in the 1927 CPSB Lease to it. Burton-Sutton drilled its first well in 1935 and operated in the Cameron Meadows field until 1989 when the 1927 CPSB Lease was released. See, Release dated September 14, 1989 filed under Clerks's file #215284, records Cameron Parish, Louisiana and Release dated September 24, 1991 filed under Clerk's file #224361, records Cameron Parish, Louisiana.

Thereafter, Alpine Exploration Company, Inc. and CLI Operating, Inc. began operations in the same Section 16 under a new lease arrangement with the Cameron Parish School Board.

West Tepetate Field: On October 18, 1944, Burton entered into an oil, gas and mineral lease with Zanie Janice relating to property within the West Tepetate Field. Burton drilled a total of five wells, two of which were dry holes. Burton's interest in the Janice Lease was conveyed to Lawton in 1955. Lawton released the lease in 1960. The last well drilled by Burton was plugged and abandoned in 1961.

Bayou des Allemands Field: Starting in 1947, Burton drilled and operated oil and gas wells in the Bayou des Allemands Field in St. Charles Parish, Louisiana pursuant to Oil, Gas and Mineral Lease dated March 14, 1940, granted by S. J. Simoneaux and St. Charles Land Company, in liquidation, to and in favor of Stanolind Oil and Gas Company, which lease was recorded at Folio No. 477 of Book PP of the Conveyance Records of St. Charles Parish, Louisiana ("Simoneaux Lease"). The Simoneaux Lease was assigned to Burton on December 26, 1945, by act recorded in Conveyance Book VVV, Folio 411, of the records of St. Charles Parish, Louisiana. Upon creation of Lawton, then named Wm. T. Burton Industries, Inc., in 1955, Burton's interest in the Simoneaux Lease was conveyed to Lawton which continued the operations commenced by Burton.

By Farmout Agreement dated September 29, 1977, recorded at Folio 491 of Book 196, of the Conveyance Records of St. Charles Parish, Louisiana, Lawton conveyed working interests in designated areas of the Simoneaux Lease to Roland Mongrue. Lawton continued to operate other areas of the Simoneaux Lease. By virtue of a corporate reorganization, by Act of Assignment dated April 29, 1988, Lawton conveyed its interest in the Simoneaux Lease to a wholly owned subsidiary, River Oaks Exploration, Inc., with the assignment being recorded at Folio 280, Book 389, Conveyance Records, St. Charles Parish, Louisiana.

By Assignment of Mineral Lease With Reservation of Overriding Royalty Interest dated October 18, 1991, effective November 1, 1991, River Oaks Exploration, Inc. assigned any remaining working or operating interest it may have had in the Simoneaux Lease to Mongrue Oil

Company, Inc., with the assignment being recorded at Folio 406, Book 443, Conveyance Records, St. Charles Parish, Louisiana. Since November 1, 1991, neither Lawton nor River Oaks has conducted operations in the Bayou des Allemands Field.

Starks Field: During the 1940's and early 1950's Burton drilled over forty wells in the Starks Field. In a six well area of the field (and after obtaining the approval of the Commissioner of Conservation) a secondary recovery (gas recycling) program was initiated by Burton. In 1955 Lawton took over the operatorship of the recycling facilities (plant) and the Burton wells.

Texas Mineral Operations: In the State of Texas, Burton obtained mineral leases in Brazoria, Cass, Delta, Dewitt, Duval, Hopkins, Hunt, Jasper, Jefferson, Marion, Newton, Rusk, Sabine, Washington, and Wharton Counties.

W. T. Burton Company: In 1931, Burton organized W. T. Burton Company to engage in marine construction and repairs, marine towing, dredging, and operation of shell yards.

Creation of Wm. T. Burton Industries, Inc.: In 1955, Burton established Lawton, which at the time was named Wm. T. Burton Industries, Inc. By act dated May 2, 1955, recorded in Conveyance Book 10, Folio 166, of the records of St. Charles Parish, Louisiana, Burton conveyed, with specific listed exceptions, all of his business assets to Lawton. In the transaction, Burton-Sutton and W. T. Burton Company became subsidiaries of Lawton. In the transaction, Lawton assumed all liabilities of Burton.

After its creation, Lawton continued the mineral businesses of Burton. Burton-Sutton, as a subsidiary, continued to operate in the Cameron Meadows Field pursuant to the 1927 CPSB Lease. Burton died in 1974. Lawton continued mineral leasing, drilling and producing activities, along with associated gathering, treating, processing, transporting and secondary recovery activities. Lawton acquired working interests in State Lease 3137 in St. Mary Parish and State Leases 4694 and 4695 in Vermilion Parish. Lawton invested in BEX Gas Gathering, Inc. ("BEX Gathering").

Lawton acquired and participated in the drilling of wells on State Lease 2162 and on nearby surrounding lands belonging to private parties (all lying in Assumption, St. Martin and St. Mary Parishes, Louisiana) and on State Leases 2810 and 2833 and on nearby surrounding lands belonging to private parties (all lying in St. Martin and St. Mary Parishes, Louisiana). These State Leases, along with leases and working interest acquired from private parties in the immediate area of said State Leases, are more particularly described under the heading "Simon Pass Field, St. Mary and St. Martin Parishes, Louisiana" in Exhibit "A" of Act of Assignment dated April 29, 1988 from Wm. T. Burton Industries, Inc. to River Oaks Exploration, Inc. and recorded in Book 1068, Folio 812 (Entry No. 245618) of the records of St. Martin Parish, Louisiana, and recorded in Conveyance Book 31-I, Entry No. 222,976 of the records of St. Mary Parish, Louisiana.

Lawton invested in leases in and around the Edgerly Field, Calcasieu Parish, Louisiana, including, but not limited to, the leases on which the following wells were drilled: Lillard #1 and #2, Read #1, W G Embry #1, Muller et al #1, Gulf Ref Co Fee #1, #3 and #4, Gulf Ref Co Fee B

#1 and #2, Gulf Ref Co Fee SWD #2, W T Burton Fee #1, Burton et al #1, Sutton Jr Account Hunter #2, Elmer Sutton Jr. #1, W. C. Moore #2, #3, #5 and #6, Koonce Sub Unit 2 #1, VUA; Koonce Sub Unit #2, W C Gilbert et al #1 (SN 59273), W C Gilbert et al #1 (SN 86451), Koonce SWD #1, Fairchild Oil Co., Fee #1, #2 and #3.

Lawton also invested in an Edgerly Field oil, gas and mineral lease that is more particularly described in Exhibit A of Act of Assignment dated April 29, 1988 from William T. Burton Industries, Inc. to River Oaks Exploration, Inc. and filed for record in Calcasieu Parish on May 12, 1988 and bearing File Number 1981951 of the records of Calcasieu Parish, Louisiana, as corrected by Act of Correction dated January 16, 1989, and recorded in Conveyance Book 2108, Page 356 (and bearing File No. 2010352) of the records of Calcasieu Parish, Louisiana.

Lawton invested in oil and gas leases covering land in the Elm Grove Field in Bossier Parish, Louisiana, and being the leases described in Exhibit A of Act of Assignment dated April 29, 1988 from Wm. T. Burton Industries, Inc. to River Oaks Exploration, Inc. and filed for record in Bossier Parish, Louisiana, on May 13, 1988 an bearing File Number 474087 of the records of Bossier Parish, Louisiana. On said leases the following wells, among others, were drilled or completed: the Sweeney #1, #2, #3 and #3-ALT, the Davis #1, the Dance #1, #2, #3, #3-ALT, #4, #5, #6, #6-ALT, #7, #7-ALT, #8, #9-ALT, #11, #12 and #14-ALT, the Dance 6 #5, the Bozman #1-ALT and #2, the USA #1 and #1-ALT, the Lister #1, #1-ALT, #2, #2-ALT, #3 and #3-ALT, the Lister 6 #1 and the LeMay #1 and #1-ALT.

Lawton invested in limited partnership drilling programs of The Stone Oil Corporation identified as The Stone Oil Corporation 1980 Program-1 Ltd. and The Stone Oil Corporation 1981 Program-1 Ltd. These drilling programs are more particularly described in Act of Assignment dated April 29, 1988 from Wm. T. Burton Industries, Inc. to River Oaks Exploration, Inc. It is thought that these drilling programs caused wells to be drilled in Iberia, St. Mary, St. Martin and Vermilion Parishes, Louisiana.

Lawton invested in mineral leases in Kingfisher County, Oklahoma, being more particularly described in Exhibit A of Act of Assignment dated April 29, 1988 from Wm. T. Burton Industries, Inc. to River Oaks Exploration, Inc., and recorded in Book 1036, Page 140 of the records of Kingfisher County, Oklahoma. The AN-SON Corporation Voth #1 was drilled on said leasehold.

Lawton invested in mineral leases in Marshall and Bryan Counties, Oklahoma, being more particularly described in Exhibit A of Act of Assignment dated April 29, 1988 from Wm. T. Burton Industries to River Oaks Exploration, Inc. and recorded in Book 530, Page 01 of the records of Marshall County, Oklahoma, and recorded in Book 779, Page 465 (and bearing File No. 422,335) of the records of Bryan County, Texas. The Godfrey 2-21, Godfrey 1-22, Lake Texoma #1, Lake Texoma #1-20 and the USA #1-22 were drilled on said leases.

In the Lake Summerville Area, Burleson and Lee Counties, Texas, Lawton acquired leasehold interests in leases more particularly described in Exhibit A of Act of Assignment dated April 29, 1988 from Burton Exploration Company to River Oaks Exploration, Inc. and recorded in Volume 149, Pages 241-249 of the Oil & Gas Lease Records of Burleson County, Texas, as

corrected by Act of Correction dated October 28, 1988, and recorded in Volume 151, Pages 588-593 of the Oil & Gas Lease Records of Burleson County, Texas, and in Exhibit A of Act of Assignment dated April 29, 1988 from Burton Exploration Company to River Oaks Exploration, Inc. and recorded in Volume 589, Page 33 of the Real Property Records of Lee County, Texas, as corrected by Act of Correction dated October 28, 1988 by and between Jack Lawton, Inc. (formerly Burton Exploration Company) and River Oaks Exploration, Inc. and recorded in Volume 600, Page 664 of the Real Property Records of Lee County, Texas. Some of said leases were included in whole or in part in Charlotte Unit and the Barker No. 1 Oil Unit. The following wells are examples of wells drilled on said leases: the John Newman #1, #2, #3, #4, #5, #6, #7, #8, #9, #10, #11, #12 and #13 wells and the Newman Gerdis #1, #2, #3 and #4 wells.

In 1975, Lawton created a subsidiary, Burton Exploration Company ("Burton Exploration"), to conduct drilling operations. Burton Exploration owned an interest in the Delhi Gas Gathering System, Harris County, Texas, under that certain Joint Venture Agreement of Delhi Gas Gathering Joint Venture, as well as leasehold interests in leases in areas referred to as North Delhi Field Rorick B-1 and B-3 Wells, Harris County, Texas, and the North Delhi Field, Harris County, Texas. Said Joint Venture Agreement and said leasehold interests being more particularly described in Exhibit "A" of Act of Assignment dated April 29, 1988, from Burton Exploration Company to River Oaks Exploration, Inc., and filed of record on May 27, 1988, under File No. L683108 (C0029396) with the pages numbered 117-73-0521 through and including 117-73-0536 of the Real Property Records of Harris County, Texas. The following wells, among others, were drilled on the said leases: the Rorick B-1, Rorick B-2, Rorick B-3, Freeman G. U. #1, House G. U. #1, House G. U. #1, Papadopoulos #1 and the Rowe-Sweeney #1.

In the West Backridge Area C. F. Henry #1 Well, Cameron Parish, Louisiana, and in the West Backridge Area J. A. Davis #1, Cameron Parish, Louisiana, Lawton acquired interests in leases more particularly described in Exhibit "A" of an Act of Assignment dated April 29, 1988 from Burton Exploration Company to River Oaks Exploration, Inc. and filed under file Number 208963 (and recorded in Conveyance Book 666) of the records of Cameron Parish, Louisiana), as corrected in Act of Correction dated August 2, 1988 and bearing file Number 210003 (and recorded in Conveyance Book 671) of the records of Cameron Parish, Louisiana, including, but not limited to, leases on which the C. F. Henry Wells #1 and the J. A. Davis #1 are situated.

Lawton also acquired working interests in the Johnson Bayou Prospect, Cameron Parish, Louisiana, said interests being more particularly described in Exhibit "A" of an Act of Assignment dated April 29, 1988 from Burton Exploration Company to River Oaks Exploration, Inc. and filed under file Number 208963 (and recorded in Conveyance Book 666) of the records of Cameron Parish, Louisiana, as corrected in Act of Correction dated August 2, 1988 and bearing file Number 210003 (and recorded in Conveyance Book 671) of the records of Cameron Parish, Louisiana.

Lawton also acquired leasehold interests in the Sunflower, Polk County, Texas, said interests being more particularly described in Exhibit "A" of an Act of Assignment dated April 29, 1988 from Burton Exploration Company to River Oaks Exploration, Inc. and filed of record in Polk County, Texas on May 16, 1988 as "Act of Assignment No. 5054" of the records of Polk

County, Texas, such interests covered and included, by way of example, the leases on which the following wells were located: Kirby No. 1, Kirby No. 2, Arco No. 1 and Arco No. 2.

Lawton acquired leases and leasehold interests in Bayou Des Allemands Field, St. Charles and Lafourche Parishes, Louisiana. Said leasehold interests are more particularly described in Exhibit A of Act of Assignment dated April 29, 1988 from Wm. T. Burton Industries, Inc. to River Oaks Exploration, Inc., and recorded in Conveyance Book 1016, Page 256 and bearing File Number 682751 of the records of Lafourche Parish, Louisiana, and in Exhibit A of Act of Assignment dated April 29, 1988 from Wm. T. Burton Industries, Inc. to River Oaks Exploration, Inc., and recorded in Conveyance Book 389, Page 280 and bearing Entry Number 136167 of the records of St. Charles Parish, Louisiana.

**1988 Tax Reorganization of Lawton, Creation of River Oaks Exploration, Inc.,
and name change of Burton-Sutton to Rayville Resources, Inc.**

In 1988, Lawton conducted its businesses directly and through the following relevant wholly-owned subsidiaries: Burton-Sutton, Burton Exploration, Burton Properties, Inc., W. T. Burton Company, Burton Energy Co., and BEX Gathering. Lawton owned other assets which are not currently relevant. Lawton was owned by The Lawton Company, a general partnership whose partners consisted of brothers, Jack E. Lawton and William B. Lawton and their respective descendants and trusts for such descendants.

In 1988, pursuant to a private letter ruling from the Internal Revenue Service and pursuant to Sections 355, 368(a)(1)(D), 368 (a)(1)(E), et seq. of the Internal Revenue Code of 1986, Lawton was reorganized. In general terms, two new partnerships were formed, *i.e.*, The Jack E. Lawton Company and The William B. Lawton Company, to own the interests in Lawton previously owned by The Lawton Company. The partners of The Jack E. Lawton Company were Jack E. Lawton, his descendants, and trust for his descendants. The partners of The William B. Lawton Company were William B. Lawton, his descendants and trusts for his descendants. The two new partnerships would own fifty percent (50%) each of Lawton.

In simple terms, pursuant to the plan of reorganization, fifty percent (50%) of the assets and liabilities of Lawton were conveyed to Burton Exploration and related entities, which was “spun-off” to The Jack E. Lawton Company. Lawton’s remaining fifty percent (50%) was owned by The William B. Lawton Company and its name was changed to William B. Lawton Company, Inc. Burton-Sutton continued as a subsidiary of Lawton with its name being changed to Rayville Resources, Inc.

The 1988 tax reorganization included the following. River Oaks Exploration, Inc. was created as a subsidiary of Lawton to which Lawton distributed its interest in the Simoneaux Lease and approximately 50% of its interest in certain other nonoperating working interests. Contemporaneously, Burton Exploration contributed to River Oaks approximately 50% of its interest in the Sunflower Field, 25% of its nonoperating working interests in the Lake Sommerville Field, and approximately 50% of certain other nonoperating working interests.

The Simoneaux Lease was to be operated by River Oaks while the Sunflower Field was

to continue to be operated by Burton Exploration. Burton-Sutton, now named Rayville Resources, continued to operate in the Cameron Meadows Field. W. T. Burton Company distributed to Lawton a portion of its accounts receivable and one barge while Lawton distributed to Burton Exploration all stock of W. T. Burton Company, 50% of BEX Gathering, and certain working interests. Burton Exploration assumed fifty percent (50%) of “any unknown claims collectible through the date of the division.” Lawton assumed fifty percent (50%) of unknown and unbooked claims arising from operations prior to division.

As a result of the tax reorganization, The William B. Lawton Company, a partnership, owned Lawton while Lawton owned River Oaks, Burton Energy Company, and Burton-Sutton (name changed to Rayville Resources) and fifty percent (50%) of BEX Gathering. Lawton, through its subsidiaries, continued to operate in the Bayou des Allemands Field pursuant to the Simoneaux Lease and continued to operate in the Cameron Meadows Field pursuant to the 1927 CPSB Lease. Lawton continued to own nonoperating working interests. As a result of the tax reorganization, The Jack E. Lawton Company, a partnership, owned Burton Exploration which owned, W. T. Burton Company, working interest in the Sunflower Field, nonoperating working interests, and fifty percent (50%) of BEX Gathering. Burton Exploration changed its name to Jack Lawton, Inc.

Asset And Liability Apportionment Agreement

As discussed above, in the 1988 tax reorganization, Lawton conveyed fifty percent (50%) of its assets to Burton Exploration which changed its name to Jack Lawton, Inc. Recognizing that Lawton had incurred or was exposed to obligations resulting from its previous operations, an Asset And Liability Apportionment Agreement was entered into in order to equally apportion the liability exposure. In the Asset And Liability Apportionment Agreement, Jack Lawton, Inc. assumed, among other obligations, fifty percent (50%) of the following:

All unspecified or unknown obligations, claims, demands, promises, agreements, damages, losses, contracts, levies, expenses, costs and liabilities including reasonable accountant and attorney fees, costs of court, expert and consultant fees arising or deemed to have arisen in conjunction with the operations of Industries (*i.e.*, Lawton) prior to May 1, 1988.

By the same token, Lawton agreed to assume, among other obligations, fifty percent (50%) of the following obligations of Jack Lawton, Inc., and W. T. Burton Company:

All unspecified or unknown obligations, claims, demands, promises, agreements, damages, losses, contracts, levies, expenses, costs and liabilities including reasonable accountant and attorney fees, costs of court, expert and consultant fees arising or deemed to have arisen in conjunction with their operations prior to May 1, 1988.

Legacy Litigation

One or more of the Debtors have been made a defendant in numerous “legacy” lawsuits alleging surface and subsurface contamination of properties on which Burton, Lawton or its subsidiaries either conducted operations or owned interests. Resolution of one of the cases substantially depleted Debtors’ assets. Two of the cases are moving forward, one with a fixed trial date. Debtors anticipate being made defendants in other such litigation. The cases in which one or more of the Debtors (or their predecessors) was or is a party follow:

1. *Veazey v. W. T. Burton Industries, Inc.*, 407 So.2d 59 (La. App. 3rd Cir. 1981), writ granted, exception reversed, case remanded 412 So.2d 88 (La. 1982). In 1965, Burton Industries acquired a mineral sublease from Perry H. Coleman and drilled the Roland Veazey No. 1 Well on a 105 acre tract in Vermilion Parish, Louisiana. The well was unsuccessful and Burton Industries plugged and abandoned it as a dry hole. In 1979, Painter Oil & Gas Ltd. acquired a new lease from the landowner, Veazey, and attempted to rework the well previously drilled by Burton Industries. The rework operations were not successful. Veazey filed suit against Burton Industries claiming that Burton Industries had not properly plugged and abandoned the well resulting in the migration and loss of valuable mineral reserves to other strata. After the trial court granted Burton Industries’s exception of no cause of action which the Louisiana Third Circuit Court of Appeal affirmed and the Louisiana Supreme Court reversed, the suit was dismissed by Veazey.

2. *Heirs of Lydia Bergeron, wife of/and Sidney J. Simoneaux Land Partnership, A Limited Partnership, v. B-P Amoco, Amerada Hess Corporation, Wm. T. Burton Industries, Inc., Brock Exploration Corporation, Mongrue Oil Company, Inc., Northwest Oil Company, Lynal, Incorporated, Quintana Petroleum Corporation, Quintana Petroleum (U.S.), Inc., Cox Oil & Gas, Inc., Cox Louisiana Partnership, Cox Exploration, Marine Container Corporation, and Texaco E&P, Inc.*, No. 9919530 on the docket of the Civil District Court For The Parish Of Orleans, State of Louisiana. This suit was filed in 1999. It involves mineral operations from the 1930s within approximately 1,400 acres in the Bayou des Allemands and Boutte Field areas of St. Charles Parish, Louisiana. As stated above, Burton, Lawton, and River Oaks conducted mineral operations under the Simoneaux Lease in a portion of the Bayou des Allemands Field between 1947 and 1991. The plaintiffs alleged the presence of significant levels of invisible toxic pollutants on the surface and in subsurface water. The plaintiffs alleged that the defendants improperly disposed of or negligently permitted the spill of naturally occurring radioactive material, chlorides, hydrocarbons, heavy metals, and other constituents of oil field waste. Lawton and River Oaks reached a settlement with plaintiffs and, by order dated August 22, 2002, were dismissed from the litigation.

3. *Sandra Duhon Bernard, et al v. BP America Production Company, et al*, No. 10-16704 on the docket of the 38th Judicial District Court, Parish of Cameron, State of Louisiana. Plaintiffs alleged to own, reside on, and/or use parts of approximately 1,280 acres of land (Sections 22 and 27, of Township 12 South, Range 10 West) in Cameron Parish, Louisiana, which was allegedly contaminated by oil and gas exploration and

production activities. Thirty-two (32) entities including Lawton and its subsidiaries, River Oaks and Rayville were named as defendants. Plaintiffs alleged that contamination occurred over a period of seventy (70) years, from the 1930's to present. Plaintiffs alleged that all defendants have known of this contamination since "at least" that time. Plaintiffs complained of the migration of hazardous substances, including but not limited to, naturally occurring radioactive material ("NORM"), produced water, drilling fluids, chlorides, hydrocarbons, and heavy metals. Plaintiffs complained of pollution due to leaks, spills, and other discharges of substances from wells, pipelines, tank batteries, gas plants, and other equipment. Pursuant to a confidential Settlement Agreement dated September 2, 2010, Lawton, Rayville and River Oaks settled the litigation. The dollar amount of the settlement is confidential; but can be disclosed pursuant to a court order. The settlement amount was paid over a period of years and required Debtors to sell substantial assets. The settlement substantially depleted the assets of Debtors.

4. *State of Louisiana and Cameron Parish School Board v. Alpine Exploration Company, Inc., Rayville Resources, L.L.C., CLI Operating, Inc., Chevron U.S.A. Inc. and William B. Lawton Company, L.L.C.*, No. 10-18629, 38th Judicial District Court, Parish of Cameron Parish, State of Louisiana. This "Cameron Meadows Lawsuit," was filed in 2010 complaining that the defendants' mineral operations over approximately 70 years contaminated the property. Because of remediation activities of Lawton's subsidiary, Rayville, Lawton and Rayville successfully mediated their responsibility and were dismissed from the suit.

5. *Steven Trahan, Suzanne Trahan, Cecil Saner, Ruth Billedeaux, Anita Jo Trahan, David V. Currie, Sherry Dugas Sharp, Leonidas Oakley Pittman, Kathy D. Melancon, Leon L. Currie II, Judy L. Dugas, Robert Reeds, Raymond Reeds, Evan Reeds, Nathalie Martinez, Earnest Lawrence Lowery, Donna Lowery, Cam-Pratt, LLC, Craig E. Vincent, Charlene Vincent Ebersole, Shanna Vincent Gilbert, Thomas Allen Stoddard, and Howard Romero v. BP America Production Company, Union Oil Company of California, Plains Resources Inc., and Wm. T. Burton Industries, Inc.*, No. 10-18837 docket of 38th Judicial District Court, Parish of Cameron, State of Louisiana. Lawton refers to this suit as the "Currie" suit. It was filed March 3, 2010, against Lawton and others. Without Lawton making an appearance or otherwise responding, on March 21, 2010 it was dismissed from the suit. Lawton never participated in the litigation. Despite Lawton having been dismissed, the litigation has proceeded against other defendants.

6. *Ira K. Ellender, Ruby Gauley, and Flora Belle Ellender Trahan v. William B. Lawton Company, L.L.C., and Alltex Exploration, Inc.*, No. 10-18916, 38th Judicial District Court, Cameron Parish, Louisiana. This suit was filed on August 5, 2011. It involves alleged contamination of plaintiffs' property in the West Hackberry Field, Cameron Parish, Louisiana, resulting from mineral operations starting in the 1930s conducted by Burton, Lawton, and Alltex Exploration, Inc. Plaintiffs complain of the migration of hazardous substances, including but not limited to, naturally occurring radioactive material ("NORM"), produced water, drilling fluids, chlorides, hydrocarbons, and heavy metals. Plaintiffs complain of pollution due to leaks, spills, and other

discharges of substances from wells, pipelines, tank batteries, gas plants, and other equipment. This suit is still pending. No trial date has been set.

7. ***Grace Ranch, Inc. v. BP America Production Co., et al.***, No. C-705-11, 31st JDC, Parish of Jefferson Davis, filed October 10, 2011. The *Grace Ranch* suit was filed October 10, 2011, against Lawton and other defendants. It involves a portion of the West Tepetate Field in Jefferson Davis Parish, Louisiana. The petition is substantially similar to those in the *Sandra Bernard* and *Ellender* cases. The case is anticipated to go to trial in 2018. On October 20, 2017, Grace Ranch filed a motion to dismiss Lawton from the lawsuit, without prejudice. On October 24, 2017, the 31st JDC entered an order granting Grace Ranch's motion to dismiss Lawton without prejudice.

Thus, Lawton is currently a defendant in one pending legacy suit, *Ellender*, and has recently been dismissed from one legacy suit, *Grace Ranch*, without prejudice. The Debtors do not have the resources to defend and/or settle either suit, much less pay a damage award.

Despite having been released by the landowners and dismissed from the *Heirs of Lydia Bergeron, wife of/and Sidney J. Simoneaux Land Partnership* case, Lawton recognizes that as a result of ongoing operations by those to whom it granted subleases the following situation exists in Bayou des Allemands and Boutte Field areas of St. Charles Parish, Louisiana: (1) several wells exist on the property which are listed as "orphaned" wells by the Louisiana Office of Conservation; (2) at least one well, continues to have a "Christmas tree" the gage on which reflects pressure; and (3) several structures exist in the water which may be considered hazards to navigation. Notwithstanding settlement with the plaintiffs / landowners, Lawton may be exposed to liability from regulatory authorities to plug and abandon the wells and remove the hazards to navigation.

Lawton reached a settlement with the plaintiffs in the *Sandra Bernard Case*. Defendant Alltex Exploration, Inc. has primary responsibility for remediating the contamination on the property set forth in the settlement agreement (the "Settlement Property"). Nevertheless, Lawton and its subsidiaries, River Oaks and Rayville, remain responsible for cleanup or restoration of the Settlement Property to the extent necessary to bring the property into compliance with state and federal regulations.

Unknown Creditors

Due to the Debtors' and their predecessors' extensive historical exploration, development, production, acquisition and exploitation of natural gas and crude oil properties, beginning in the 1920s, Debtors were unable to identify all parties who may have claims against them. However, Debtors made extensive efforts to include all parties known to the Debtors who may have claims against them in Schedule F or their respective Schedules. The Debtors also made extensive efforts to compile information regarding their operations that would assist unknown creditors in determining whether they may have claims against the Debtors. The Debtors published notice of the Bar Date in these cases in 43 publications covering the below listed parishes and counties in which one or more of the Debtors, or their predecessors, had historic drilling and/or mineral operation activities:

Louisiana Parishes:

Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bossier, Caddo, Calcasieu, Cameron, De Soto, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Natchitoches, Orleans, Plaquemines, Pointe Coupee, Rapides, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Vernon, West Baton Rouge, and West Feliciana Parishes

Oklahoma Counties:

Bryan, Kingfisher County, and Marshall

Texas Counties:

Brazoria, Cass, Delta, Dewitt, Duval, Harris, Hopkins, Hunt, Jasper, Jefferson, Marion, Newton, Polk, Rusk, Sabine, Washington, Wharton, Burleson, and Lee Counties.

1.4 Debtors' Bankruptcy Proceedings.

On October 10, 2017 (the "Petition Date"), the Debtors commenced their cases by filing separate voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code. On October 10, 2017, the Debtors filed a Motion for Joint Administration, requesting joint administration of the Debtors' cases for procedural purposes only, pursuant to Federal Rule of Bankruptcy Procedure 1015(b). The Debtors continue to operate their businesses and manage their properties as debtors-in-possession, pursuant to Bankruptcy Code §§ 1107 and 1108. No trustee or examiner has been appointed in this proceeding.

On October 10, 2017 the Debtors filed a Declaration of William T. Drost in Support of Debtors' Bankruptcy Petitions (Dkt. No. 2).

On October 10, 2017, the Debtors filed an Application for Entry of an Order Authorizing the Employment and Retention of Lisa M. Hedrick and the Law Firm of Adams and Reese LLP (Dkt. No. 3) and an Application for Entry of an Order Authorizing the Employment and Retention of A. J. Gray, III and the Gray Law Firm (Dkt. No. 4) (the "Applications to Employ"). The Applications to Employ were granted on an interim basis by orders of the Court entered October 17, 2017 (Dkt. Nos. 16 and 17). Following a final hearing on the Applications to Employ on November 9, 2017, the court entered the Final Orders Approving the Debtors' Applications to Employ on November 14, 2017 (Dkt. Nos. 42 and 43).

On October 10, 2017, the Debtors filed an *ExParte* Motion to Establish Notice Procedures (Dkt. No. 5) (the "Notice Procedures Motion"). The Notice Procedures Motion was granted *ex parte* and the court entered an Order Approving the Notice Procedures Motion on October 17, 2017 (Dkt. No. 18).

On October 10, 2017, the Debtors filed an Emergency Motion for Joint Administration (Dkt. No. 6) (the “Motion for Joint Administration”). Following a hearing on the Motion for Joint Administration on October 12, 2017, the court entered the Order approving the Motion for Joint Administration on October 17, 2017 (Dkt. No. 19).

On October 10, 2017, the Debtors filed a Motion for Administrative Order Under Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professional (Dkt. No. 7) (the “Motion Establishing Procedures for Compensation”). Following a hearing on the Motion Establishing Procedures for Compensation on November 9, 2017, the court entered the Order Approving the Motion Establishing Procedures for Compensation on November 14, 2017 (Dkt. No. 44).

On October 21, 2017, the Debtors filed a Motion for Extension of Time to File Schedules and Statement of Financial Affairs (Dkt. No. 34) (the “Motion to Extend Time to File Schedules”). The Motion to Extend Time to File Schedules was granted *ex parte* and the court entered an Order Approving the Motion to Extend Time to File Schedules on October 27, 2017 (Dkt. No. 37).

On October 24, 2017, Debtors, Rayville and River Oaks, filed their Schedules and Statements of Financial Affairs (Dkt. Nos. 35 and 36).

On October 30, 2017, the Debtors filed an Amended Affidavit of Lisa M. Hedrick, on Behalf of Adams and Reese LLP, Counsel for Debtors-in-Possession in support of the Application to Employ Adams and Reese (Dkt. No. 39).

On November 7, 2017, Debtor, Lawton, filed its Schedules and Statement of Financial Affairs (Dkt. No. 40). Lawton filed Amended Schedules B, F and G on March 28, 2018 (Dkt. No. 80).

On November 15, 2017, the Debtors filed the Monthly Operating Report for October, 2017 (Dkt No. 45).

On November 30, 2017, the Debtors through their representative, William T. Drost, attended the 341 Meeting of Creditors which was conducted and concluded (Dkt No. 51).

On December 14, 2017, the Debtors filed the Monthly Operating Report for November, 2017 (Dkt No. 52).

On January 11, 2018, the Debtors filed the Monthly Operating Report for December, 2017 (Dkt No. 55).

On January 19, 2018, the Debtors filed a Motion for an Order (A) Establishing a Bar Date for Filing of Proofs of Claim, (B) Approving the Bar Date Notice, (C) Authorizing the Debtors to Provide Notice of the Bar Date by Mailing and Publication, (D) Determining that the Manner of the Debtor’s Publication of the Bar Date Notice Satisfies Due Process and Comports with All Other Requirements of Law, and (E) Approving the Manner of Distribution of the Proof of

Claim Form and Incorporated Memorandum (Dkt. No. 58) (the “Motion to Set Bar Date”) and a Motion to Expedite Hearing on the Motion to Set Bar Date (Dkt No. 61). The court entered an Order Granting the Motion to Expedite Hearing on the Motion to Set Bar Date on January 29, 2018 (Dkt No. 62). Following a hearing on the Motion to Set Bar Date on February 1, 2018, the court entered the Order Approving the Motion to Set Bar Date on February 8, 2018 (Dkt. No. 65).

Notice of the Bar Date was published twice in each of the following publications covering the Louisiana parishes and Texas and Oklahoma Counties noted hereinabove: *The Times-Picayune*, *The Advocate*, *The Bayou – Pioneer*, *The Watchmen & The St. Francisville Democrat – (The Advocate Extra)*, *The Ville Platte Gazette*, *Rayne Acadian Tribune*, *Post South*, *The Daily Star*, *The Daily Advertiser*, *The Daily World*, *Daily Comet*, *Houma Courier*, *Lake Charles American Press*, *The Livingston Parish News*, *The Plaquemines Gazette*, *The Pointe Coupee Banner*, *The Town Talk*, *St. Helena Echo*, *News Examiner-Enterprise*, *The Abbeville Meridional*, *Leesville Daily Leader*, *The Natchitoches Times*, *The Daily Iberian*, *The Mansfield Enterprise*, *The Times*, *Gonzales Weekly Citizen*, *Franklin Banner-Tribune*, *The Kingfisher Times*, *The Madill Record*, *Durant Democrat*, *Atlanta Citizens Journal*, *Cooper Review*, *Houston Chronicle*, *The News Telegram*, *Herald-Banner*, *Jasper Newsboy*, *The Giddings Times & News*, *Jefferson Jimplecute*, *Newton County News*, *Sabine County Reporter*, *Longview News-Journal*, *Alice Newspapers – Alice Echo-News Journal & Nueces County Record Star*, *The Cuero Record*, and *Yorktown News View*.

On March 19, 2018, the Adams and Reese filed its First Interim Application for Compensation and for Reimbursement of Out-of-Pocket Expenses by Adams and Reese LLP, Counsel to the Debtors for the Time period of October 10, 2017 through January 31, 2018 (Dkt No. 76) and a First Interim Application for Compensation and for Reimbursement of Out-of-Pocket Expenses by The Gray Law Firm (APLC), Special Counsel to the Debtors, for the Time period of October 10, 2017 through January 31, 2018 (Dkt No. 76) (the “First Interim Applications for Compensation”). The First Interim Application for Compensations are scheduled for April 19, 2018 (Dkt No. 78).

On March 28, 2018, Lawton, filed a Motion and Incorporated Memorandum Pursuant to 11 U.S.C. §§ 105 and 363 and Fed. R. Bankr. P. 60040 to Approve Sale of Ford F 150 (the “Sale Motion”)(Dkt. No. 81.), which is set for hearing on April 19, 2018. The Sale Motion seeks approval of a Ford F 150 Truck for \$27,000.

1.5 Debtors’ Assets.

Lawton owns a 2015 Ford F 150, which is subject to the Sale Motion. Lawton owns 116 shares of Principal Financial Group, Inc. common stock. Lawton intends to file a motion to approve the sale of the Principal Financial Group, Inc. common stock. Lawton also holds oil and gas leasehold interests in Louisiana States Lease Numbers 42, 334, 335, 340, 341, 344, and 10.72 acres of State Lease No. 348, U.S. OCS Lease No. 310, and certain other leases in the following counties and parishes: Burleson County, Texas, Harris County, Texas, Lee County, Texas, Marshall County, Oklahoma, Bryan County, Oklahoma, Bossier Parish, Louisiana, Lafourche Parish, Louisiana, and St. Charles Parish, Louisiana. Lawton holds overriding royalty interests on oil and gas interests in St. Charles Parish, Louisiana. Please refer to Lawton’s Schedules, as

amended (See Dkt. Nos. 40 and 80) for a full description of the oil and gas interests. The value of Lawton's oil and gas interests is currently unknown. Lawton is in the process of determining those oil and gas interests which can be liquidated and commencing the liquidation process.

Rayville owns 24 shares of NRG Energy, Inc. common stock, which is currently being held by the State of Louisiana Unclaimed Property Division. Rayville is in the process of applying to the Louisiana Unclaimed Property Division for a return of the stock, and intends to file a motion to approve the sale of the NRG Energy, Inc. common stock.

River Oaks holds oil and gas leasehold interests in the following counties and parishes: Burleson County, Texas, Harris County, Texas, Lee County, Texas, Marshall County, Oklahoma, Bryan County, Oklahoma, Bossier Parish, Louisiana, Calcasieu Parish, Louisiana, Lafourche Parish, Louisiana, and St. Charles Parish, Louisiana. River Oaks holds overriding royalty interests on oil and gas interests in St. Charles Parish, Louisiana. Please refer River Oaks' Schedules for a full description of the oil and gas interests, (See River Oaks, Dkt. No. 36). The value of River Oaks' oil and gas interests is currently unknown, with the exception of the Kilrush Leases (described hereinbelow). Lawton is in the process of determining those oil and gas interests which can be liquidated, and liquidating those Assets.

Each of the Debtors holds Cash in its respective Debtor-In-Possession bank account, included in the estimated liquidation values stated below. All Assets of the Debtors not sold prior to Confirmation shall be transferred to the Liquidation Trust on the Effective Date.

1.6 Debtors' Liquidation Analysis.

William B. Lawton Co, LLC

Cash in DIP Account as of 4/9/18	\$1,249.85
Ford F 150 Truck	\$27,000.00
Unclaimed Property	\$1,490.48
Principal Financial Group, Inc. Stock (116 shares at \$60.41/share as of 4/9/18)	\$7,009.88
Oil and Gas Interests	Unknown (subject to determination at auction)
<u>Contingent Contract Claims</u>	<u>Unknown</u>
TOTAL ASSETS (KNOWN)	\$36,750.21

Lawton's financials, including the latest Balance Sheet and Income Statement for the month ending March 31, 2018, are attached hereto as Exhibit 1.

River Oaks Exploration, LLC

Cash in DIP Account as of 4/9/18	\$189,830.25
Working Interest in leases obtained by various assignments from Kilrush Petroleum, Inc.	\$79,200.00
Contingent Contract Claims	Unknown
Oil and Gas Interests	Unknown (subject to determination at auction)
TOTAL ASSETS (KNOWN)	\$269,030.25

River Oaks' financials, including the latest Balance Sheet and Income Statement for the month ending March 31, 2018, are attached hereto as Exhibit 2.

Rayville Resources, LLC

Cash in DIP Account as of 4/9/18	\$1,133.85
NRG Energy, Inc. Stock (24 shares at today's trading price of \$30.37/share)	\$728.88
Unclaimed Property	\$57.84
Contingent Contract Claims	Unknown
TOTAL ASSETS (KNOWN)	\$1,920.57

Rayville's financials, including the latest Balance Sheet and Income Statement for the month ending March 31, 2018, are attached hereto as Exhibit 3.

ARTICLE II

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL FEE CLAIMS, ALLOWED PRIORITY UNSECURED CLAIMS AND CERTAIN FEES

2.1. Administrative Expense Claims.

(1) Allowed Administrative Expense Claims Against the Debtors. Subject to the bar date provisions of Paragraph (2) of this Section, the holders of Allowed Administrative Expense Claims against the Debtors, unless otherwise agreed 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 Debtors, or, after the Effective Date, the Liquidation Trustee, on account of such Allowed Administrative Expense Claim, Cash in the amount of such Allowed Administrative Expense Claim on the later of the Effective Date or within thirty (30) days after becoming an Allowed Administrative Expense Claim, unless otherwise agreed to between the parties.

(2) Bar Date for Filing Applications for Allowance and Payment of Administrative Expense Claims. Applications for allowance and payment of Administrative Expense Claims

(except for Professional Fee Claims) must be filed on or within thirty (30) days after the Confirmation 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. All Administrative Expense Claims that become Allowed Administrative Expense Claims after the Confirmation Date will be treated like other Allowed Administrative Expense Claims and will be paid on the later of the Effective Date or within thirty (30) days after becoming an Allowed Administrative Expense Claim unless otherwise ordered by the Bankruptcy Court or agreed to by the parties. Any such Claim that is Allowed, but determined not to be an Administrative Expense Claim, will be treated as a General Unsecured Claim under Class 3.

2.2 B. Professional Fee Claims.

(1) Allowed Professional Fee Claims Against the Debtors. Allowed Professional Fee Claims shall receive from the Debtors, or, after the Effective Date, the Liquidation Trustee, on account of such Allowed Professional Fee Claims, Cash in the amount of such Allowed Professional Fee Claims on the Effective Date unless otherwise agreed to between the parties. All Professional Fee Claims that become Allowed Professional Fee Claims after the Confirmation Date will be treated like other Allowed Professional Fee Claims and will be paid on the later of the Effective Date or within thirty (30) days after becoming an Allowed Professional Fee Claim unless otherwise ordered by the Bankruptcy Court or agreed to by the parties. All professional fees for services rendered after the Effective Date will be paid by the Liquidating Trustee, without the necessity of further order of the Bankruptcy Court.

(2) Bar Date for Filing Applications for Allowance and Payment of Fee Claims Against the Debtors. Applications for allowance and payment of Professional Fee Claims incurred on or before the Confirmation Date must be filed on or within ninety (90) 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.

2.3. Priority Unsecured Tax Claims.

(1) Allowed Priority Unsecured Tax Claims. Except to the extent the holder of an Allowed Priority Unsecured Tax Claim agrees to a different treatment, the Debtors, or, after the Effective Date, the Liquidation Trustee, shall pay to each holder of an Allowed Priority Unsecured Tax Claim Cash in the amount of such Allowed Priority Unsecured Tax Claim on the later of the Effective Date and the date such Priority Unsecured Tax Claim becomes an Allowed Priority Unsecured Tax 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). To date, no Priority Unsecured Tax Claims have been filed, and the Debtors are not aware of any such Claims.

(2) 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 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 Estates, or from any property thereof.

2.4. U.S. Trustee's Fees.

The Debtors, or after the Effective Date, the Liquidation Trustee, shall timely pay post-Confirmation quarterly fees assessed pursuant to 28 U.S.C. § 1930(a)(6) until such time as the Bankruptcy Court enters a Final Decree closing the Bankruptcy Case, or enters an Order either converting the case to a case under chapter 7 or dismissing the case. Any such fees outstanding and due as of the Effective Date shall be paid on the Effective Date.

2.5. 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 taxed under any state or local law imposing a stamp tax or similar tax as provided in section 1146 of the Bankruptcy Code.

ARTICLE III
CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

3.1. Classification.

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

3.2. Identification of Classes.

The following are the designations for the Classes of Claims against the Estate and Interests in the Debtors:

Class 1 Priority Unsecured Claims (Non-Tax Claims)	All Allowed Priority Claims
Class 2 – Secured Claims	All Allowed Secured Claims
Class 3 – General Unsecured Claims	All Allowed General Unsecured Claims
Class 4 – Equity Interests in the Debtors	All of the limited liability company membership interests in Lawton, Rayville and River Oaks

ARTICLE IV
TREATMENT OF CLASSES; IMPAIRMENT AND VOTING

4.1. Class 1 Priority Unsecured Claims (Non-Tax Claims)

(1) Impairment and Voting. Claims in Class 1 are Impaired. Holders of Allowed Priority Unsecured Claims in Class 1 are entitled to vote to accept or reject the Plan.

(2) Treatment. Each holder of an Allowed Claim in Class 1 shall be paid after Allowed Administrative Expense Claims and Allowed Professional Fee Claims have been reserved in accordance with the Plan. All Allowed Priority Claims shall be paid from the Liquidation Trust, as set forth in Article 5.12, (after being reduced by applicable costs and fees, and after its application to Allowed Administrative Expense Claims and Allowed Professional Fee Claims), in an amount equal to such Holder's Allowed Priority Claim, unless otherwise ordered by the Bankruptcy Court or agreed between the parties. To date, no Priority Unsecured Claims have been filed, and the Debtors are not aware of any such Claims.

4.2. Class 2 –Secured Claims.

(1) Impairment and Voting. Claims in Class 2 are Impaired under the Plan. Each holder of an Allowed Claim in Class 2 is entitled to vote to accept or reject the Plan.

(2) Treatment. Each holder of an Allowed Secured Claim in Class 2 shall receive a Pro Rata share from distributions from the Liquidation Trust, as set forth in Article 5.12, (after being reduced by applicable costs and fees, and after its application to Allowed Administrative Expense Claims, Allowed Professional Fee Claims, and Allowed Priority Unsecured Claims). To date, no Secured Claims have been filed, and the Debtors are not aware of any such Claims.

4.3. Class 3 – General Unsecured Claims.

(1) Impairment and Voting. Claims in Class 3 are Impaired under the Plan. Each holder of an Allowed Claim in Class 3 is entitled to vote to accept or reject the Plan.

(2) Treatment. Unless otherwise agreed to by the Debtors or, after the Effective Date, the Liquidation Trustee and such Holder, the Liquidation Trustee shall pay to each Holder of an Allowed General Unsecured Claim its Pro Rata share of any proceeds available for distribution by the Liquidation Trust as set forth in Article 5.12 (after being reduced by applicable costs and fees, and after its application to Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Unsecured Claims, and any Allowed Secured Claims). General Unsecured Claims have been filed against Lawton by Alltex Exploration, Inc., Flora Trahan, Grace Ranch, Inc., Ira Ellender, Kaiser Francis Oil Co. (claim amended to change debtor from Lawton to River Oaks), and Ruby Gauley. Additionally, there is an undisputed, non-contingent, liquidated claim against Lawton by Tower Land Company, LLC listed in Lawton's Amended Schedule F (See Dkt. No. 80). Unsecured Claims have been filed against River Oaks by Flora Trahan, Grace Ranch, Inc., Ira Ellender, Kaiser Francis Oil Co. (claim amended to change debtor from Lawton to River Oaks), and Ruby Gauley. Unsecured Claims have been filed against Rayville by Flora Trahan, Grace Ranch, Inc., Ira Ellender, and Ruby Gauley.

4.4. Class 4 – Equity Interests in Debtors.

(1) Impairment and Voting. Claims in Class 4 are Impaired under the Plan. Each holder of an Allowed Claim in Class 4 is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

(2) Treatment.

(a) Holders of Equity Interests in the Debtors shall retain whatever limited liability company interests they currently hold, but otherwise shall receive the treatment set forth in the Bankruptcy Code and shall not be entitled to receive any distributions from the Liquidating Trustee until all claims in Classes 1-3 have been paid in full.

ARTICLE V

LIQUIDATION TRUST

5.1 General and Issuance of the Liquidation Trust Interests

On the Effective Date, the Reorganized Debtors and the Liquidation Trustee shall execute the Liquidation Trust Agreement and shall take all other necessary steps including the transfer of the Initial Liquidation Trust Funds and transfer of all of the Assets of the Debtors to establish the Liquidation Trust and the authority to issue the Liquidation Trust Interests. The Liquidation Trust Agreement may provide powers, duties, and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties, and authorities do not affect the status of the Liquidation Trust as a liquidating trust for United States federal income tax purposes, or otherwise materially affect the recovery of the Liquidation Trust Beneficiaries.

On the Distribution Date, the Liquidation Trustee shall be deemed to have issued the Liquidation Trust Interests to the Liquidation Trust Beneficiaries. Each Liquidation Trust Beneficiary shall receive a Liquidation Trust Interest equal to its Pro Rata share of the Liquidation Trust Beneficial Interest Principal Amount (after being reduced by applicable costs and fees, and after its application to Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Unsecured Claims, and any Allowed Secured Claims). Liquidation Trust Interests shall not be represented by certificates, but upon issuance of the Liquidation Trust Interests, the Liquidation Trustee shall issue a schedule of the Liquidation Trust Beneficiaries and the Pro Rata share of Liquidation Trust Interests issued to each Liquidation Trust Beneficiary.

5.2 Purpose of the Liquidation Trust

The Liquidation Trust shall be established for the sole purpose of liquidating and distributing the Liquidation Trust Assets, in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

5.3 Fees and Expenses of the Liquidation Trust

All fees, expenses, and costs of the Liquidation Trust shall be paid by the Liquidation Trustee from (i) the Initial Liquidation Trust Funds or (ii) Liquidation Trust Assets, and the Reorganized Debtors shall not be responsible for any fees, expenses, and costs of the Liquidation Trust.

5.4 Assignment to and Funding of the Liquidation Trust

As of the Effective Date, the Reorganized Debtors shall assign and transfer the Liquidation Trust Assets, which shall include all Assets of the Debtors and Assigned Causes of Action, to the Liquidation Trust free and clear of all Claims and Equity Interests, Liens, charges and encumbrances. The transfer(s) of the Liquidation Trust Assets shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use, or other similar tax. The Liquidation Trustee shall also be authorized, on behalf of the Debtors and their Estates, to pursue all objections, counterclaims and defenses against holders of claims against the Debtors.

The Liquidation Trust will be provided the Initial Liquidation Trust Funds, the use of which shall be authorized by the Liquidation Trust Agreement, to fund the legal expenses and costs of (i) objection to and/or resolution of the claims against the Debtors; (ii) liquidation of the Liquidation Trust Assets, (iii) determination of the Liquidation Trust Interests and the Liquidation Trust Beneficial Interests Principal Amount, and (iv) pursuit of the Assigned Causes of Actions. The Liquidation Trustee shall establish the Initial Liquidation Trust Funds with an authorized depository in the Western District of Louisiana. The Liquidation Trustee shall establish and maintain separate sub-accounts for each of the three Debtors, and shall maintain an accounting of each Debtor's contribution to the Initial Liquidation Trust Funds, as well as the Assets of each Debtor transferred to the Liquidation Trust, and funds generated from the liquidation thereof, for purposes of distribution to the Debtors' respective creditors.

5.5 Governance of the Liquidation Trust

The Liquidation Trust shall be governed by the Liquidation Trust Agreement and administered by the Liquidation Trustee. Such Liquidation Trust Agreement shall comply with and such Liquidation Trustee shall administer the Liquidation Trust in accordance with the advance ruling guidelines contained in Revenue Procedure 94-45, 1994-2 C.B. 684.

5.6 Appointment of the Liquidation Trustee

Prior to the Effective Date, the Debtors shall seek Court approval of the appointment of the Liquidation Trustee. In the event the Liquidation Trustee dies, is terminated, or resigns for any reason, a successor Liquidation Trustee shall be appointed in accordance with the terms of the Liquidation Trust Agreement.

5.7 Continuing Court Jurisdiction

The Bankruptcy Court shall have continuing jurisdiction over matters related to the Liquidation Trust in accordance with Article XIII of this Plan and as determined under applicable law.

5.8 Role of the Liquidation Trustee

Effective on the Effective Date, the Liquidation Trustee shall be the representative of the Debtors' Estates as that term is used in Section 1123(b)(3)(B) of the Bankruptcy Code in addition to any rights and powers granted herein. The Liquidation Trustee shall hold the Liquidation Trust Assets for the benefit of the Liquidation Trust Beneficiaries. The Liquidation Trustee, without further order of the Bankruptcy Court, shall have the power and authority to (a) object to and/or resolve the claims against the Debtors, (b) prosecute to judgment or settle, compromise, and resolve the Assigned Causes of Action, (c) manage, sell, liquidate, transfer, otherwise dispose, or abandon the Liquidation Trust Assets or any part thereof or any interest therein upon such terms as the Liquidation Trustee determines to be necessary, appropriate or desirable, (d) calculate and make distributions to the Liquidation Trust Beneficiaries of the proceeds of Liquidation Trust Assets, (e) terminate the Liquidation Trust in accordance with the terms of the Plan and the Liquidation Trust Agreement, (f) provide the holders of Liquidation Trust Beneficial Interests, annually, with unaudited financial statements, (g) to engage and pay attorneys, accountants, experts, advisers, appraisers, auctioneers and other professionals as may be deemed necessary in the discretion of the Liquidating Trustee, (h) open and maintain bank accounts, deposit funds, draw checks, and make disbursements in accordance with the Plan, and (i) ask the Bankruptcy Court to enter a final decree and close the Chapter 11 Case pursuant to Section 350 of the Bankruptcy Court after the final distribution date. The Liquidation Trustee shall be the sole Person entitled to exercise the rights and duties with respect to the Liquidation Trust and the Liquidation Trust Assets. In all circumstances, the Liquidation Trustee shall act in the best interests of all Liquidation Trust Beneficiaries and in furtherance of the purposes of the Liquidation Trust.

5.9 Non-transferability of Liquidation Trust Interest

The beneficial interests in the Liquidation Trust shall not be certificated and are not transferable.

5.10 Retention and Compensation of Professionals by the Liquidation Trustee

The Liquidation Trustee without the necessity of Bankruptcy Court approval shall have the right to choose and retain counsel to represent the Liquidation Trustee. Neither the Debtors nor the Reorganized Debtors shall be responsible for the fees, costs and expenses of any counsel or other professional retained by the Liquidation Trustee.

5.11 Compensation of the Liquidation Trustee

The salient terms of the Liquidation Trustee's employment, including the Liquidation Trustee's duties and compensation, to the extent not set forth in the Plan, shall be set forth in the Liquidation Trust Agreement or the Confirmation Order. The Liquidation Trustee shall be entitled to reasonable compensation in an amount consistent with that of similar functionaries in similar types of bankruptcy proceedings.

5.12 Distributions from the Liquidation Trust

All distributions to the Liquidation Trust Beneficiaries of Cash and property shall be made in accordance with the terms of the Liquidation Trust Agreement by the Liquidation Trustee as disbursing agent. The Liquidation Trustee shall distribute at periodic intervals as Cash becomes available, in accordance with the Liquidation Trust Agreement and this Plan, Cash on hand, except such amounts (i) as are reasonably necessary to meet contingent liabilities, (ii) to pay reasonable expenses (including, but not limited to, any taxes imposed on the Liquidation Trust or in respect of the Liquidation Trust Assets), and (iii) to satisfy other liabilities incurred by the Liquidation Trust in accordance with this Plan or the Liquidation Trust Agreement.

5.13 Limitation of Liquidation Trustee's Liability

The Liquidation Trustee shall not have any liability to any Liquidation Trust Beneficiary or to any Holder of a Claim for the consequences of his or her acts and omissions in the performance of duties under the Plan and Liquidation Trust Agreement, except to the extent such consequences are caused by the Liquidation Trustee's intentional and willful wrongdoing or gross negligence. The Liquidation Trustee shall have no liability to any Liquidation Trust Beneficiary or any Holder of a Claim for the consequences of any act or omission that is approved or ratified by the Bankruptcy Court. The Liquidation Trustee shall be deemed to have acted in good faith, and shall have no liability to any Liquidation Trust Beneficiary or the Holder of a Claim, for acting in reasonable reliance upon the advice or opinion of counsel or other professional person retained by the Liquidation Trustee. Under no circumstances shall the Liquidation Trustee be liable to any Liquidation Trust Beneficiary or Holder of a Claim or any other Person for an amount in excess of the amount that such Person was or would have been entitled to receive from the Liquidation Trust.

5.14 Privileges

The attorney-client privilege, the attorney work product doctrine and any similar privilege against disclosure, and all other similar immunities, including all documents and confidential documents, including but not limited to confidential and/or privileged internal communications of the directors or officers of the Debtors and any Professionals that concern or relate in any way to the Chapter 11 Case, any Claims, any actions or matters prior to the filing of or during the Chapter 11 Case, or any matters or Claims or actions dealt with or related to any releases or exculpations set forth in this Plan, or relating to property of the Debtors or the Estates including, but not limited to, all Assigned Causes of Action, the Initial Liquidation Trust Funds, shall remain vested on the Effective Date in the Reorganized Debtors, but also, with respect to

Liquidation Trust Assets and any information or communication relating in any way to Liquidation Trust Assets or the General Unsecured Claims shall be vested in the Liquidation Trustee as the representative and successor of the Estates and the Debtors with respect to the Liquidation Trust Assets. The attorney-client privilege, the attorney work product doctrine and any similar privilege against disclosure, and all other similar immunities, including all documents and confidential documents, shall vest on the Effective Date in the Liquidation Trust.

5.15 Liquidation Trust Tax Treatment

The Liquidation Trust is intended to be treated for federal income tax purposes as a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), for the benefit of the Liquidation Trust Beneficiaries. The Liquidation Trust shall be a “grantor trust” as defined in Section 671 of the Tax Code with each Liquidation Trust Beneficiary treated as a “grantor” of the Liquidation Trust. For all U.S. federal income tax purposes, all parties shall treat the transfer of assets by the Debtors or the Reorganized Debtors to the Liquidation Trust for the benefit of the Liquidation Trust Beneficiaries’ Claims, whether Allowed on or after the Effective Date, as (i) a transfer of the assets of the Debtors directly to the Liquidation Trust Beneficiaries, followed by (ii) the transfer by such persons to the Liquidation Trust of such assets in exchange for beneficial interests in the Liquidation Trust. Accordingly, the Liquidation Trust Beneficiaries, whether their Claims are Allowed on or after the Effective Date, shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the applicable assets of the Liquidation Trust.

5.16 Dissolution of the Liquidation Trust

The Liquidation Trustee and the Liquidation Trust shall be discharged or dissolved, as the case may be, at such time as (i) the Liquidation Trustee determines, in its sole discretion, that the pursuit of Assigned Causes of Action are not likely to yield sufficient additional proceeds to justify further maintenance of the Liquidation Trust, and (ii) all Distributions of Liquidation Trust Assets required to be made by the Liquidation Trustee under the Plan and Liquidation Trust Agreement have been made; provided, however, that in no event shall the Liquidation Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion made, determines that a fixed period extension (not to exceed five (5) years, together with any prior extensions, without a favorable letter ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the Liquidation Trust as a liquidating trust for federal income tax purposes) is necessary to facilitate or complete the recovery on and liquidation of the Liquidation Trust Assets. Upon dissolution of the Liquidation Trust, any remaining Liquidation Trust Assets shall be distributed to the Liquidation Trust Beneficiaries as described herein; provided, however, that if at any time all Allowed Claims of the Liquidation Trust Beneficiaries have been paid in full, then any remaining Liquidation Trust Assets shall be transferred, or assigned, as the case may be, to the Reorganized Debtors.

ARTICLE VI **DISPUTED CLAIMS OR EQUITY INTERESTS**

6.1 Right to Object to Claims or Equity Interests. Except to the extent a Claim or Equity Interest is Allowed hereunder, the Debtors and, after the Effective Date, the Liquidation

Trustee shall have the exclusive right to object to the allowance, amount, or classification of Claims or Equity Interest and such objections may be litigated (including to Final Order) by the Liquidation Trustee, as the case may be, or compromised and settled in accordance with its business judgment without further order of the Bankruptcy Court.

6.2 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 (which may be ordered upon *ex parte* motion of the Liquidation Trustee), all objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of such Claims. An objection shall notify the Holder of the Claim of the deadline for responding to such objection.

6.3 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 Liquidation Trustee and upon counsel to the Liquidation Trustee, 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.

6.4 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.

6.5 Payment of Disputed Claims. Within sixty (60) days of the date that a Disputed Claim becomes an Allowed Claim, the Liquidation Trustee shall distribute to the Holder thereof the Distribution, if any, to which such Holder is then entitled under the Plan, provided, that the Liquidation Trustee can then determine the Holder's Pro Rata Share of the Liquidation Trust Funds available for distribution. To the extent that the Liquidation Trustee cannot then determine the Holder's Pro Rata Share of the Liquidation Trust Funds available for distribution, the Liquidation Trustee shall withhold distributions until such time as said determination can be made. If the Liquidation Trustee is unable to determine the Holder's Pro Rata Share of the Liquidation Trust Funds available for distribution at the time a Disputed Claim becomes an Allowed Claim, the Liquidation Trustee shall notify the Holder of such Allowed Claim in writing within sixty (60) days of the Disputed Claim becoming an Allowed Claim, and shall provide his best estimate of when such Allowed Claim will be paid.

ARTICLE VII

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 Assumption and Rejection. On the Effective Date, all executory contracts and unexpired leases that exist between the Debtors and any Entity shall be deemed rejected, except for any executory contract or unexpired lease that (i) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, (ii) is separately addressed herein, or (iii) 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.

7.2 Approval of Assumption and Rejection. Except as otherwise provided 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 VII, 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 VII through the Confirmation Date.

7.3 Assumed Executory Contracts. Notwithstanding anything else to the contrary, effective as of the Effective Date, the Reorganized Debtors shall be deemed to have assumed all Oil and Gas Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Court's approval of the Reorganized Debtors' assumption of each of such Oil and Gas Liability Insurance Policies, to the extent they are executory contracts. Notwithstanding anything to the contrary contained in this Plan, as it may be amended, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the Oil and Gas Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an executory contract that has been assumed by the Reorganized Debtors under the Plan as to which no Proof of Claim need be filed, and shall survive the Effective Date. The Oil and Gas Liability Insurance Policies are further assigned to the Liquidation Trust.

7.4 Assumed Unexpired Leases. Notwithstanding anything else to the contrary, effective as of the Effective Date, the Reorganized Debtor, River Oaks, shall be deemed to have assumed the leasehold interests in leases obtained by various assignments from Kilrush Petroleum, Inc.; Kaiser-Francis Gulf Coast, Ltd; et al. to River Oaks Exploration, L.L.C., et al. recorded in the following: Conveyance Book 3212, Page 844, bearing File No. 2739733; Conveyance Book 3282, Page 381, bearing File No. 2775693; Conveyance Book 3376, Page 881, bearing File No. 2827299; and Conveyance Book 3557, Page 349, bearing File No. 2905989 of the records of Calcasieu Parish, Louisiana (the "Kilrush Leases"), pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Court's approval of the Reorganized Debtor's assumption of the Kilrush Leases, which requires River Oaks to pay cure in the amount of \$427.99 to Kaiser Francis Oil Co. for unpaid prepetition lease operating expenses. See River Oaks Claim Register, POC No. 3. The Kilrush Leases are further assigned to the Liquidation Trust.

7.5 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 Debtors 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.

7.6 Rejection Damage Claims. Claims arising out of the rejection of an executory contact or unexpired lease pursuant to this Article VII 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, the Reorganized Debtors, or, after the Effective Date, the Liquidation Trust, Liquidation Trust Assets, or any of their properties or agents, successors, or assigns. Unless otherwise ordered by the Bankruptcy Court, all Claims arising from the rejection of an executory contact or unexpired lease shall be treated as General Unsecured Claims.

ARTICLE VIII

MEANS OF IMPLEMENTATION AND EXECUTION OF PLAN

8.1 Generally. Upon Confirmation, the Liquidation Trustee shall be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of this Plan including the execution and filing of all documents required or contemplated by this Plan. In connection with the occurrence of the Effective Date, the Liquidation Trustee, and each of the officers of the Debtors, 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.

8.2 Dissolution of the Reorganized Debtors. Upon completion of the Debtors' final tax return and the entry of a final decree closing the Bankruptcy Case, the Reorganized Debtors shall be deemed dissolved for all purposes in accordance with applicable state law.

8.3 Assigned Causes of Action. The Debtors and, after the Effective Date, the Liquidation Trustee, specifically reserve and shall have the exclusive right to bring, prosecute, waive, release, compromise, and settle all Assigned Causes of Action, which are specifically retained under the terms of this Plan. The recovery from all Assigned Causes of Action shall become Assets of the Debtors and, after the Effective Date, the Liquidation Trust in accordance with this Plan. Further, the Debtors shall be entitled to offset such amounts as may be awarded to the Debtors or Liquidation Trustee with respect to such Causes of Action against Distributions due hereunder to the Holder of a Claim, whether Disputed or Allowed; provided that no such offset shall occur, and no Distribution shall be delayed, unless, until, and only to the extent that the Assigned Cause of Action is reduced to judgment by appropriate Governmental Authority or as agreed by the parties. 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 Liquidation Trustee to bring any Assigned 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 Assigned Causes of Action arise. For purposes of Plan implementation, the Liquidation Trustee shall constitute a

representative of the Estates, fully authorized to prosecute all Causes of Action to final judgment pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code.

8.4 Retention and Enforcement of Claims and Rights. The Liquidation Trustee shall retain and may enforce any and all claims, rights and/or Causes of Action of any of the Debtors or their Estates, and shall retain and may enforce the Debtor's right or Debtors' rights to subordinate claims under Section 510 of the Bankruptcy Code, including, but not limited to, claims against governmental units, except claims expressly waived, relinquished and released in accordance with the Plan. Without limiting the generality of the foregoing, pursuant to *Laguna Madre Oil & Gas II, L.L.C. (In re Tex. Wyo. Drilling, Inc.)*, 647 F.3d 547 (5th Cir. 2011), the claims and causes of action which shall be retained and may be enforced by the Liquidating Trustee shall include (but are not limited to) any such claims or Causes of Action arising on account of or related to: (a) claims against Alltex Exploration, Inc. under, arising out of or related to the Agreement To Assign Mineral Leases And For Remediation Work by and among River Oaks Exploration, L.L.C., Jack Lawton, L.L.C., William B. Lawton Company, L.L.C. and Rayville Resources, L.L.C., collectively "Compromising Parties" and Alltex Exploration, Inc. dated January 1, 2011; (b) claims against Alltex Exploration, Inc. under, arising out of or related to the Assignment Of Oil and Gas Leases and Bill of Sale by and between William B. Lawton Company, L.L.C., River Oaks Exploration, L.L.C., Rayville Resources, L.L.C., Jack Lawton, L.L.C. and Alltex Exploration Inc. filed in the records of Cameron Parish, Louisiana under Clerk's File No. 324524 on November 23, 2011 dated September 20, 2011; (c) claims against Alltex Exploration, Inc. under, arising out of or related to the Agreement among various "Settlers" in Sandra Bernard, et al. v BP America Prod. Co., et al., and River Oaks Exploration, L.L.C., Jack Lawton, L.L.C., William B. Lawton Company, L.L.C. and Rayville Resources, L.L.C. as "Compromising Parties"; (d) claims against Alltex Exploration, Inc., under, arising out of or related to the Mortgage, assignment of production and security interest in and to: all property described in that certain Mortgage, Assignment of Production and Security Agreement dated January 1, 2011, executed by Alltex Exploration, Inc., as Mortgagor, in favor of River Oaks Exploration, L.L.C., William B. Lawton Company, L.L.C., and Rayville Resources, L.L.C. (collectively, and with their successors and assigns, Mortgagees), and Exhibit A thereto, and that certain Escrow Agreement dated January 1, 2011, by and among Alltex Exploration, Inc., River Oaks Exploration, L.L.C., William B. Lawton Company, L.L.C., Rayville Resources, L.L.C., and Argent Trust Company of Louisiana as Escrow Agent, and (e) claims against Jack Lawton, LLC and/or its successors and assigns under, arising out of or related to the Asset and Liability Apportionment Agreement by and between Wm. T. Burton Industries, Inc. and Burton Exploration Company dated April 29, 1988.

ARTICLE IX **DISTRIBUTIONS**

9.1 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 or Equity Interests may be in such funds and by such means (as determined by the Debtors or, after the Effective Date, the Liquidation Trustee in its sole discretion) as are customary or necessary in a particular foreign jurisdiction.

9.2 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 Equity Interest or portion thereof has not been Allowed at the time a Distribution in respect of that Claim or Equity Interest or portion would be due under the Plan, then, subject to Section 6.5, that Distribution shall not occur at that time and shall instead occur within sixty (60) days of the Claim or Equity Interest 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 6.5, the Distribution in respect of the Allowed portion may be made in accordance with the terms of the Plan. Except as otherwise provided herein, all Cash Distributions required under the Plan to Holders of Allowed Claims or Equity Interests shall be made by the Liquidation Trustee on the Effective Date, or as soon thereafter as is practicable, from the Liquidation Trust Assets.

9.3 Record Date for Voting on Plan. The transfer registers for each of the Classes of Claims and Equity 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 conditionally approving the Debtors' Plan as providing adequate information (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.

9.4 Minimum Distributions; No Fractional Distributions; No Interest. No Distribution of Cash less than twenty-five Dollars (\$25.00) is required to be made to any Holder of an Allowed Claim or Equity Interest unless a request therefore is made in writing to the Debtors or, after the Effective Date, the Liquidation Trustee. No Distribution of fractional dollars of the Liquidation Trustee is required; Distributions shall be rounded up or down to the nearest whole dollar.

9.5 Delivery of Distributions. Subject to Bankruptcy Rule 9010, distributions to Holders of Allowed Claims or Equity Interests 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 Liquidation Trustee 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 or Liquidation Trustee have not been notified in writing of a change of address).

9.6 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 Liquidation Trustee is notified of such Holder's then current address, at which time all missed Distributions shall be made to such Holder. 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 property held for Distribution to any Holder of an Allowed Claim shall be deemed unclaimed property under Section 347(b) of the Bankruptcy Code and shall become vested in the Liquidation Trustee, and the Claim of any Holder with respect to such property shall be discharged and forever barred.

9.7 Withholding. The Debtors or, after the Effective Date, the Liquidation Trustee may at any time withhold from any Distribution to any Holder of an Allowed Claim or Equity Interest (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 Liquidation Trustee and in its sole discretion, to be required by any Law. The Debtors or, after the Effective Date, the Liquidation Trustee in the exercise of its 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 9.7. Notwithstanding the foregoing but without prejudice to any rights of the Debtors or, after the Effective Date, the Liquidation Trustee, such Holder of an Allowed Claim or Equity Interest 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.

9.8 Time Bar to Cash Payments. Checks issued in respect of Allowed Claims or Allowed Equity Interests 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 Liquidation Trustee by the Holder of the Allowed Claim Claims or Allowed Equity Interests 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.

9.9 Existing Securities and Agreements. Upon the Effective Date, except as otherwise provided in the Plan, the Liquidation Trustee shall determine whether it is necessary for any Holder of any debenture, promissory note, pledge agreement, guarantee, mortgage, financing statement, or other instrument evidencing a Claim or a Lien related thereto to surrender such document and/or to execute such other documents to evidence the satisfaction and discharge of the Claim or Lien as provided for in the Plan. The Liquidation Trustee shall provide prompt notice of the determination that surrender is necessary with respect to a Claim or Lien, and no Distribution on account thereof shall be made unless the surrender occurs, unless otherwise ordered by the Bankruptcy Court.

9.10 Tax Identification Number Affidavit. Upon request, the Debtors and, after the Effective Date, the Liquidation Trustee, shall be entitled to obtain the appropriate form and/or affidavit, in a form acceptable to it in its reasonable discretion, from each Entity that is to receive a Distribution under this Plan as to that Entity's federal tax identification number, as a precondition to issuance of any Distribution.

ARTICLE X
ACCEPTANCE OR REJECTION OF THE PLAN

10.1 Classes Entitled to Vote. Each Holder of an Allowed Claim or Equity Interest in a Class of Claims against the Debtors that may be Impaired and is to receive a Distribution under the Plan, including any Holder of an Allowed Claim in Classes 1 – 3, shall be entitled to vote separately to accept or reject the Plan. Each Holder of a Class of Claims that is unimpaired, such that the Class shall be deemed to have accepted the plan pursuant to Section 1126(A) of the Bankruptcy Code.

10.2 Class Acceptance Requirement. An Impaired Class of Claims or Equity Interests 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 or Equity Interests 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. For purposes of calculating the number of Allowed Claims or Equity Interests in a class of Claims held by Holders of Allowed Claims or Equity Interests in such class that have voted to accept or reject the Plan under Section 1126(c) of the Bankruptcy Code, all Allowed Claims or Equity Interests in such class held by one entity or any Affiliate shall be aggregated and treated as one Allowed Claim or Equity Interest in such Class.

10.3 Cramdown. In the event that any impaired Class of Claims or Equity Interests shall not accept the Plan or be deemed not to have accepted the Plan, the proponents of the Plan reserve 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 XI
EFFECT OF CONFIRMATION OF PLAN

11.1 Vesting of Assets. On the Effective Date, except as otherwise provided herein, all Assets of the Estate, including all Assigned Causes of Action, shall be transferred to, and shall vest in, the Liquidation Trust, free and clear of all Liens and Claims, subject to the terms and conditions set forth herein.

11.2 Operation by the Liquidation Trustee. After the Effective Date, the Liquidation Trust shall pursue the Assigned Causes of Action, file and pursue claim objections, and take such other actions as the Liquidation Trustee deems necessary and appropriate, as governed by the Liquidation Trust Agreement.

11.3 Injunction. As of the Confirmation Date, and except as otherwise expressly provided in the Plan, all Entities who have held, hold, or may hold Claims against, or Equity Interests in, the Debtors, 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, are permanently enjoined, on and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors or Reorganized Debtors with respect to any such Claim or that could have been commenced by the Holder of such Claim or Equity Interest against the Debtors or Reorganized Debtors or against any of their Assets on the basis of conduct by the Debtors or Reorganized Debtors on or prior to the Effective Date, including the pursuit of any Claimant's or Equity Interest Holder's derivative actions against any third-party derived from the rights and interests of the Debtors or the Estates; (ii) 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 that could have been commenced by the Holder of such Claim or Equity Interest against the Debtors or Reorganized Debtors or against any of their Assets on the basis of conduct by the Debtors or Reorganized Debtors on or prior to the Effective Date; (iii) 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 that could have been commenced by the Holder of such Claim or Equity Interest against the Debtors or Reorganized Debtors on the basis of conduct by the Debtors or Reorganized Debtors on or prior to the Effective Date; (iv) asserting any right of setoff, subrogation or recoupment of any kind (except under Section 362(b)(26) of the Bankruptcy Code as provided in Section 553 of the Bankruptcy Code) 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 that could have been commenced by the Holder of such Claim or Equity Interest against the Debtors or Reorganized Debtors on the basis of conduct by the Debtors or Reorganized Debtors on or prior to the Effective Date; and (v) taking any actions to interfere with the implementation or consummation of the Plan by the Debtors, the Liquidation Trust, the Liquidation Trustee, and their respective affiliates, employees, advisors, officers and directors, agents.

11.4 Release of Debtors and Claims and Binding Effect of the Plan. Except as otherwise provided in the Plan, the rights afforded herein and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, and release of all Claims 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, subject to the occurrence of and as of the Effective Date (i) all such Claims against the Debtors shall be satisfied, and released in full through distributions from the Liquidation Trust 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 or Equity Interests retained hereunder, 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 on or prior to the Effective Date, or that could have been commenced by the Holder of an Equity Interest against the

Debtors or Reorganized Debtors on the basis of conduct by the Debtors or Reorganized Debtors on or 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 release shall not apply to the Reorganized Debtors' obligations under this Plan or any Plan Document, the Liquidation Trustee's obligations, or the Assigned Causes of Action. The Plan provides for liquidation of all of the Debtors' Assets and dissolution of the Reorganized Debtors following completion of the Debtors' final tax return and the entry of a final decree closing the Bankruptcy Case, and therefore, pursuant to 11 U.S.C. § 1141(d)(3), the Debtors do not receive a discharge. However, pursuant to 11 U.S.C. § 1141(a), the provisions of a confirmed Plan bind all Holders of Claims and Equity Interests whether or not the Claim or Equity Interest Holder is impaired under the Plan and regardless of whether such Claim or Equity Interest Holder has accepted the Plan.

11.5 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. Except as otherwise specifically provided in this Plan, 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 and the Plan Documents.

11.6 Exculpations. As and to the extent not inconsistent with Section 524(e) of the Bankruptcy Code or 26 U.S.C. § 6672, the officers, directors, managers, members, 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 Case, 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 Case 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 Case.

11.7 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 11.7, however, shall be construed as a limitation of the permanent injunction provisions provided for in this Plan.

11.8 Effect of Confirmation Order. Except as expressly provided in this Plan, the Confirmation Order shall contain an injunction against the prosecution of any Claim or Equity

Interest, whether or not a proof of claim or interest based upon any such debt, liability, or interest is filed under Section 501 of the Bankruptcy Code and whether or not a Claim or Equity Interest based on such debt, liability, or interest is allowed under Section 502 of the Bankruptcy Code, including the pursuit of any Claimant's or Interest Holder's derivative actions against any third-party derived from the rights and interests of the Debtors or the Estates.

ARTICLE XII

CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE

12.1 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 proponents of the Plan, 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) **Litigation Trust Agreement.** The Litigation Trust Agreement must be executed and be approved in the Confirmation Order.

(c) **Corporate Authorizations.** Debtors' managers must approve of this Plan.

(d) **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.

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

12.2 Notice of Effective Date. The occurrence of the Effective Date and the date thereof shall be evidenced by a Notice of Effective Date Filed with the Bankruptcy Court by the Reorganized Debtors within five (5) Business Days of the occurrence thereof.

12.3 Revocation of Confirmation Order or Withdrawal of Plan. The proponent of the Plan 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 Case. 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 issued but not entered on the docket) 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 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 Entity or to prejudice in any manner the rights of the Debtors or any Entity in any further proceedings involving the Debtors or any other Entity.

ARTICLE XIII

RETENTION OF JURISDICTION

13.1 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 Case 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 Assigned 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 Liquidation Trustee seeking the examination of any Entity pursuant to Bankruptcy Rule 2004, for purposes including investigations of potential Assigned 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 Plan Documents);

(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, their Estates, or the Liquidation Trust, 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, their Estates, or the Liquidation Trust;

(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 Case.

ARTICLE XIV

MISCELLANEOUS

14.1 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 or Equity Interests, insofar as it does not materially and adversely affect Holders of Claims or Equity Interests, 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 or

Equity Interests, 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.

14.2 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 and, notwithstanding the invalidity, voidness, or unenforceability of such provision, the Debtors may proceed to seek confirmation of the Plan without such invalid, void, or unenforceable provision, in which case, 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.

14.3 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.

14.4 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 (or, for the United States, first class mail), postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, freight prepaid, addressed as follows:

If to Litigation Trustee
TO BE DETERMINED

If to the Debtors or Reorganized Debtors:

Reorganized Debtors
Attention: William T. Drost
641 W. Prien Lake Road
Lake Charles, LA 70601

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

14.5 Payment of Statutory Fees. Except as otherwise provided herein, for so long as the Bankruptcy Case 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.

14.6 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.

14.7 Certain United States Federal Income Tax Consequences to the Plan. Pursuant to Section 1146(c) of the Bankruptcy Code, any transfers from the Debtors to any person or Entity pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local government officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. The following discussion is a general summary of certain federal income tax aspects of the Plan, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim or Equity Interest. This discussion is based upon existing provisions of the Internal Revenue Code, as amended (the "Tax Code"), existing and proposed regulations thereunder, and current pertinent administrative rulings and court decisions. No assurance can be given that legislative or administrative changes or court decisions may not be forthcoming which would require significant modification of the statements expressed in this section.

Certain tax aspects of the Plan are uncertain due to the lack of applicable regulations and other tax precedent. THE DEBTORS ARE NOT REQUESTING A RULING FROM THE INTERNAL REVENUE SERVICE ("IRS") WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN, AND THE DEBTORS HAVE OBTAINED NO OPINION OF COUNSEL WITH RESPECT THERETO. ACCORDINGLY, NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN. THE TAX CONSIDERATIONS APPLICABLE TO CERTAIN HOLDERS (SUCH AS PENSION OR PROFIT-SHARING TRUSTS OR FOREIGN INVESTORS) MAY BE DIFFERENT THAN THE GENERAL DISCUSSION CONTAINED HEREIN. THERE MAY ALSO BE STATE, LOCAL, OR FOREIGN TAX CONSIDERATIONS APPLICABLE TO EACH HOLDER OF A CLAIM OR INTEREST, WHICH ARE NOT ADDRESSED HEREIN. EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM OR INTEREST.

DATED: April 9, 2018

Respectfully submitted,

ADAMS AND REESE LLP

/s/Lisa M. Hedrick

Lisa Merz Hedrick, Bar No. 26421

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New Orleans, LA 70139

Phone: (504) 581-3234

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Attorneys for the Debtors