IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NORTH AMERICAN PETROLEUM CORPORATION USA, *et al.*,[1]	)	Case No. 10-11707 (CSS)
	)	Jointly Administered
Debtors.	)	

DISCLOSURE STATEMENT FOR THE FIRST AMENDED JOINT CHAPTER 11 PLAN OF NORTH AMERICAN PETROLEUM CORPORATION USA, *ET AL.*

KLEHR HARRISON HARVEY BRANZBURG LLP
Domenic E. Pacitti (DE Bar No. 3989)
Margaret M. Manning (DE Bar No. 4183)
919 Market Street, Suite 1000
Wilmington, Delaware 19801-3062
Telephone: (302) 426-1189
Facsimile: (302) 426-9193

KIRKLAND & ELLIS LLP
David R. Seligman, P.C. (admitted *pro hac vice*)
Ryan Blaine Bennett (admitted *pro hac vice*)
Paul Wierbicki (admitted *pro hac vice*)
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

- and -

Morton Branzburg (admitted *pro hac vice*)
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Telephone: (215) 569-2700
Facsimile: (215) 568-6603

Attorneys for the Debtors and Debtors in Possession

Dated: July 29, 2011

[1] The Debtors in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian corporation number, include: North American Petroleum Corporation USA (9766); Prize Petroleum LLC (2460); and Petroflow Energy Ltd. (517-5). The location of the Debtors' corporate headquarters and the Debtors' service address is: 525 South Main Street 1120, Tulsa, Oklahoma 74103, Attn: Louis Schott.

North American Petroleum Corporation USA ("NAPCUS"), Prize Petroleum LLC ("Prize"), and Petroflow Energy Ltd. ("Petroflow," and, collectively with NAPCUS and Prize, the "Debtors") are sending you this document, and the accompanying materials (this "Disclosure Statement") because you may be a person or entity entitled to vote to approve the Debtors' First Amended Joint Chapter 11 Plan of Reorganization, as the same may be amended from time to time (the "Plan").[2] The Debtors are commencing the solicitation of your vote to approve the Plan (the "Solicitation") filed in the Debtors' voluntary cases under Chapter 11 (the "Chapter 11 Cases") of Title 11 of the United States Code, as amended (the "Bankruptcy Code"), which are administered by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

DISCLOSURE STATEMENT FOR THE FIRST AMENDED JOINT CHAPTER 11 PLAN OF NORTH AMERICAN PETROLEUM CORPORATION USA, *ET AL.*

DATED JULY 29, 2011

The Debtors are providing the information in this Disclosure Statement to Holders of Claims and Interests for purposes of advising such Holders about the Plan and providing such Holders an opportunity to object to the confirmation of the Plan. Information provided in this Disclosure Statement should not be used or relied upon for any other purpose.

NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN DESCRIBED HEREIN HAS BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW OR ANY CANADIAN SECURITIES REGULATORY AUTHORITY OR BODY. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY U.S. STATE SECURITIES COMMISSION, OR ANY CANADIAN SECURITIES COMMISSION, AND NEITHER THE SEC, ANY U.S. STATE SECURITIES COMMISSION, NOR ANY CANADIAN SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED

This Disclosure Statement and the information set forth herein is confidential. This Disclosure Statement contains material non-public information concerning the Debtors and their respective securities. Each recipient hereby acknowledges that (a) it is aware that the federal securities laws of the United States prohibit any person who has material non-public information about a company, which is obtained from the company or its representatives, from purchasing or selling securities of such company or from communicating the information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities and (b) is familiar with the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") and applicable Canadian securities laws, and the rules and regulations promulgated thereunder, and agrees that it will not use or communicate to any person under circumstances where it is reasonably likely that such person is likely to use or cause any person to use, any confidential information in contravention of the Exchange Act, applicable Canadian securities laws or any of its rules and regulations, including Rule 10b-5.

The deadline to accept or reject the Plan is *5:00 p.m. (prevailing Eastern Time) on September 2, 2011* (the "Voting Deadline"), unless the Debtors, in their sole discretion, and from time to time, extend the Voting Deadline. To be counted, the Ballot indicating acceptance or rejection of the Plan must be received by Epiq Bankruptcy Solutions, LLC, the Debtor's claims and solicitation agent ("Epiq" or the "Claims and Solicitation Agent"), no later than the Voting Deadline.

---

2 **Unless otherwise defined in this Disclosure Statement, all capitalized terms used, but not otherwise defined, in this Disclosure Statement shall have the meanings ascribed to them in the Plan.**

The Debtors cannot assure you that the Disclosure Statement, including any exhibits to the Disclosure Statement, that is ultimately approved by the Bankruptcy Court in the Chapter 11 Cases (a) will contain any of the terms described in this Disclosure Statement or (b) will not contain different, additional or material terms that do not appear in this Disclosure Statement. The Debtors urge each Holder of a Claim or Interest (i) to read and consider carefully this entire Disclosure Statement (including the Plan and the matters described under Article IX of this Disclosure Statement, entitled "Plan-Related Risk Factors And Alternatives To Confirming And Consummating The Plan"; and (ii) to consult with its own advisors with respect to reviewing this Disclosure Statement, the Plan and each of the proposed transactions contemplated thereby prior to deciding whether to accept or reject the Plan. You should not rely on this Disclosure Statement for any purpose other than to determine whether to vote to accept or reject the Plan.

If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all Holders of Claims against, and Holders of Interests in, the Debtors (including, without limitation, those Holders of Claims or Interests who do not submit Ballots to accept or reject the Plan or who are not entitled to vote on the Plan) will be bound by the terms of the Plan and the transactions contemplated thereby.

Prepared By:

KLEHR HARRISON HARVEY BRANZBURG LLP
Domenic E. Pacitti (DE Bar No. 3989)
Margaret M. Manning (DE Bar No. 4183)
919 Market Street, Suite 1000
Wilmington, Delaware 19801-3062
Telephone: (302) 426-1189
Facsimile: (302) 426-9193

KIRKLAND & ELLIS LLP
David R. Seligman, P.C. (admitted *pro hac vice*)
Ryan Blaine Bennett (admitted *pro hac vice*)
Paul Wierbicki (admitted *pro hac vice*)
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

- and -

Morton Branzburg (admitted *pro hac vice*)
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Telephone: (215) 569-2700
Facsimile: (215) 568-6603

TABLE OF CONTENTS

Page

ARTICLE I INTRODUCTION **1**

A. PURPOSE AND EFFECT OF THE PLAN. **2**
1. The Debtors. 2
2. Summary of the Plan. 2
3. Summary of Restructuring Transactions 3
4. Distribution of Reorganized NAPCUS Common Stock to Holders of Petroflow Interests. 4

B. OVERVIEW OF CHAPTER 11. ..... **5**

C. SUMMARY OF CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AND INTERESTS UNDER THE PLAN. **5**

D. PARTIES ENTITLED TO VOTE ON THE PLAN **6**

E. SUMMARY OF SOLICITATION PACKAGE AND VOTING INSTRUCTIONS. **6**

F. THE CONFIRMATION HEARING **7**

G. CONFIRMING AND CONSUMMATING THE PLAN. **8**

H. RISK FACTORS. **8**

I. RULES OF INTERPRETATION **8**

ARTICLE II BACKGROUND **9**

A. THE DEBTORS' BUSINESS OPERATIONS AND CAPITAL STRUCTURE. **9**
1. The Debtors' Pre-Global Settlement Business Operations. 9
2. The Debtors' Capital Structure. 10

ARTICLE III CHAPTER 11 CASES **11**

A. EVENTS LEADING TO THE CHAPTER 11 CASES. **11**
1. The Downturn in the United States Oil and Natural Gas Industries. 11
2. The Deterioration of the Debtors' Financial Performance. 12
3. The Debtors' Out-of-Court Restructuring Initiatives. 12
4. Prepetition Disputes with Equal Energy and Adversary Proceeding. 12

B. ADMINISTRATION OF AND RESTRUCTURING INITIATIVES DURING THE CHAPTER 11 CASES. **12**
1. First Day Relief. 12
2. Petroflow Chapter 11 Filing and Canadian Proceeding. 15
3. Unsecured Creditors Committee and the Equity Committee. 15
4. Claims Objections & Estimates of Allowed Claims. 16
5. Subsequent Pleadings and Relief. 17
6. Adversary Proceeding with Equal Energy and Related Litigation. 18

C. GLOBAL SETTLEMENT WITH EQUAL ENERGY AND THE PREPETITION LENDERS **19**

ARTICLE IV THE JOINT PLAN **20**

A. ADMINISTRATIVE AND PRIORITY CLAIMS. **21**
1. Administrative Claims. 21
2. Priority Tax Claims 21

B. CLASSIFICATION, TREATMENT, AND VOTING OF CLAIMS AND INTERESTS. 21
1. Classification of Claims and Interests. 21
2. Treatment of Classes of Claims and Interests. 22
3. Special Provision Governing Unimpaired Claims 24
4. Intercompany Claims and Intercompany Interests 24
5. Acceptance or Rejection of the Plan 24
6. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code 24

C. PROVISIONS FOR IMPLEMENTATION OF THE PLAN. 25
1. General Settlement of Claims 25
2. Sources of Consideration for Plan Distributions 25
3. Reorganized NAPCUS Securities 25
4. Investment Commitment 25
5. Exemption 26
6. Subordination 26
7. Corporate Existence and Vesting of Assets in Reorganized NAPCUS 26
8. Cancellation of Notes, Instruments, Certificates and Other Documents 26
9. Private Company 27
10. Corporate Action 27
11. Certificate of Incorporation and Bylaws 27
12. Effectuating Documents, Further Transactions 27
13. Section 1146(a) Exemption 27
14. Directors and Officers of Reorganized NAPCUS 28
15. Employee Benefits 28
16. Management Equity Plan 28
17. Preservation of Rights of Action 28
18. Restructuring Transactions 29
19. Provisions Governing the Determination Date Distribution 29
20. Administrative Claims Bar Date 29

D. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES. 30
1. Assumption of Executory Contracts and Unexpired Leases 30
2. Cure of Defaults and Objections to Cure and Assumption 30
3. Claims Based on Rejection of Executory Contracts and Unexpired Leases 31
4. Indemnification Obligations 31
5. Insurance Policies 31
6. Compensation and Benefits Programs 31
7. Contracts, Intercompany Contracts, and Leases Entered Into After the Petition Date 31
8. Reservation of Rights 31

E. PROVISIONS GOVERNING DISTRIBUTIONS. 32
1. Distributions on Account of Claims and Interests Allowed as of the Effective Date 32
2. Distributions on Account of Claims and Interests Allowed After the Effective Date 32
3. Determination Date Distribution 33
4. Delivery of Distributions in General 33
5. Specific Provisions Regarding Delivery of Reorganized NAPCUS Common Stock 35
6. Claims Paid or Payable by Third Parties 35
7. Setoffs 36
8. Allocation Between Principal and Accrued Interest 36

F. PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS. 36
1. Prosecution of Objections to Claims and Interests 36

2. Allowance of Claims and Interests 36
3. Estimation of Claims and Interests 37
4. Expungement or Adjustment to Paid, Satisfied, or Superseded Claims and Interests 37
5. No Interest 37
6. Disallowance of Claims or Interests 37
7. Amendments to Claims 37
8. No Distributions Pending Allowance 38
9. Distributions After Allowance 38

G. EFFECT OF CONFIRMATION OF THE PLAN. 38
1. Discharge of Claims and Termination of Interests 38
2. Subordinated Claims 38
3. Compromise and Settlement of Claims, Interests, and Controversies 38
4. Releases by the Debtors 39
5. Releases by Holders of Claims and Interests 39
6. Exculpation 40
7. Injunction 40
8. Protection Against Discriminatory Treatment 40
9. Indemnification 41
10. Recoupment 41
11. Release of Liens 41
12. Reimbursement or Contribution 41

H. ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS. 41
1. Professional Fee Escrow Account 41
2. Professional Fee Reserve Amount 41
3. Post-Confirmation Date Fees and Expenses 42

I. CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN 42
1. Conditions Precedent to the Effective Date 42
2. Waiver of Conditions Precedent 42
3. Effect of Non-Occurrence of Conditions to Consummation 42

J. MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN. 42
1. Modification of Plan 42
2. Revocation or Withdrawal of Plan 43
3. Confirmation of the Plan 43

K. RETENTION OF JURISDICTION. 43

L. MISCELLANEOUS PROVISIONS. 45
1. Additional Documents 45
2. Payment of Statutory Fees 45
3. Dissolution of Creditors' Committee 45
4. Dissolution of Equity Committee 45
5. Reservation of Rights 45
6. Successors and Assigns 45
7. Service of Documents 45
8. Term of Injunctions or Stays 46
9. Entire Agreement 46
10. Conflicts 46
11. Plan Supplement Exhibits 46
12. Non-Severability 46

ARTICLE V SOLICITATION AND VOTING PROCEDURES 47

A. THE SOLICITATION PACKAGE.....47
B. VOTING DEADLINE. 48
C. VOTING INSTRUCTIONS. 48
1. Note to Holders of Claims in Voting Classes. 49
D. VOTING TABULATION.....50
ARTICLE VI CONFIRMATION PROCEDURES.....51
A. THE CONFIRMATION HEARING.....51
B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN.....51
1. Best Interests of Creditors Test.....52
2. Feasibility. 53
3. Acceptance by Impaired Classes. 54
4. Confirmation Without Acceptance by All Impaired Classes. 54
C. RISK FACTORS.....55
D. IDENTITY OF PERSONS TO CONTACT FOR MORE INFORMATION. 55
E. DISCLAIMER.....55
ARTICLE VII VALUATION ANALYSIS AND FINANCIAL PROJECTIONS 56
A. VALUATION ANALYSIS. 56
1. Overview. 56
2. Forrest Garb Methodology.....56
3. Operational Assumptions.....57
4. Potential Capital Raising. 58
5. Valuation of Reorganized NAPCUS. 58
6. Allocation of Value to Shares Distributed on Effective Date. 59
B. DESCRIPTION REGARDING THE FINANCIAL PROJECTIONS. 60
ARTICLE VIII IMPLEMENTATION OF THE PLAN AND POSTPETITION GOVERNANCE OF REORGANIZED NAPCUS 61
A. BOARD OF DIRECTORS AND MANAGEMENT. 61
1. Reorganized NAPCUS' Board of Directors. 61
2. Reorganized NAPCUS' Officers. 61
B. INDEMNIFICATION OF DIRECTORS AND OFFICERS.....61
C. MANAGEMENT EQUITY PLAN. 61
ARTICLE IX PLAN RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMING AND CONSUMMATING THE PLAN 62
A. GENERAL.....62
B. CERTAIN BANKRUPTCY LAW CONSIDERATIONS. 62
1. Parties in Interest May Object to Debtors' Classification of Claims and Interests. 62
2. Failure to Satisfy Vote Requirement.....62
3. The Debtors May Not Be Able to Obtain Confirmation or Consummation of the Plan. 62
4. The Debtors May Object to the Amount or Classification of a Claim. 63
5. Risk of Non-Occurrence of the Effective Date. 63
6. Contingencies Not to Affect Votes of Impaired Classes to Accept the Plan. 63
7. Risk of Non-Recognition of Confirmation Order and Denial of Partial Revocation of Cease Trade Order. 63

C. FINANCIAL INFORMATION; DISCLAIMER. 64

D. FACTORS AFFECTING THE COMPANY. 64

1. Risks Related to Reorganized NAPCUS' Business and Financial Condition. 64
2. Risks Related to Government Regulation. 67
3. Risks Related to the Reorganized NAPCUS Common Stock. 68
4. Legal Proceedings. 69

E. CERTAIN TAX MATTERS. 69

F. RISK THAT THE INFORMATION IN THIS DISCLOSURE STATEMENT MAY BE INACCURATE. 69

G. LIQUIDATION UNDER CHAPTER 7. 69

ARTICLE X SECURITIES LAW MATTERS 70

A. ISSUANCE AND RESALE OF REORGANIZED NAPCUS COMMON STOCK AND REORGANIZED NAPCUS CONVERTIBLE PREFERRED STOCK UNDER THE PLAN. 70

1. Exemption from Registration. 70
2. Resales of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Series B and Series C Convertible Preferred Stock; Definition of Underwriter. 71
3. Transferring Reorganized NAPCUS Common Stock. 72

B. LISTING OF REORGANIZED NAPCUS COMMON STOCK AND REORGANIZED NAPCUS CONVERTIBLE PREFERRED STOCK. 72

C. CANADIAN SECURITIES DISCLOSURES. 72

ARTICLE XI CERTAIN U.S. FEDERAL AND OTHER TAX CONSEQUENCES 73

A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS AND THE REORGANIZED DEBTORS 74

1. Transfers of U.S. Real Property Interests. 74
2. Cancellation of Debt Income. 74
3. Limitation on NOLs and Other Tax Attributes. 74
4. Alternative Minimum Tax. 75

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 1 AND CLASS 2 CLAIMS 76

C. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 3 PETROFLOW GENERAL UNSECURED CLAIMS AND CLASS 4 NAPCUS GENERAL UNSECURED CLAIMS. 76

D. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 5A PETROFLOW EMERGENCE INTERESTS. 77

E. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 5B PETROFLOW OTHER INTERESTS. 77

F. ACCRUED INTEREST BUT UNTAXED INTEREST. 78

G. MARKET DISCOUNT 78

H. INFORMATION REPORTING AND BACK-UP WITHHOLDING. 79

I. CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES 79

1. Holders of Class 5A Petroflow Emergence Interests. 80
2. Holders of Class 5B Petroflow Other Interests. 81
3. Non-Residents of Canada under the ITA 81
4. Treatment of Dividends 81

5. Taxation of Capital Gains and Capital Losses 81
6. Tax Consequences of Holding and Disposing of Reorganized NAPCUS Common Stock 82
7. Holders of Class 3 Petroflow General Unsecured Claims 82
8. Importance of Obtaining Professional Tax Assistance 83
9. Reservation of Rights 83

ARTICLE XII GLOSSARY OF DEFINED TERMS 84

A. DEFINED TERMS. 84

B. RULES OF INTERPRETATION 94

C. COMPUTATION OF TIME 94

D. GOVERNING LAW. 94

E. REFERENCE TO MONETARY FIGURES. 94

F. REFERENCE TO THE DEBTORS OR REORGANIZED NAPCUS. 95

ARTICLE XIII CONCLUSION AND RECOMMENDATION 96

EXHIBITS

Exhibit A	Debtors' First Amended Joint Chapter 11 Plan of Reorganization
Exhibit B	Form of Letter to Holders in Each Voting Class
Exhibit C	Signed Disclosure Statement Order (without its exhibits other than its exhibit 1)
Exhibit D	Liquidation Analysis
Exhibit E	Financial Projections

ARTICLE I
INTRODUCTION[3]

The Debtors submit and provide this Disclosure Statement in connection with solicitation of votes on, and confirmation of, the Plan. A copy of the Plan is attached hereto as **Exhibit A**.[4] This Disclosure Statement describes certain aspects of the Plan, including the treatment of Holders of Claims and Interests, and also describes certain aspects of the Debtors' operations, financial projection and other related matters.

The Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof, unless otherwise specified. Holders of Claims and Interests reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since the date set forth on the cover page of this Disclosure Statement. Holders of Claims and Interests entitled to vote to accept the Plan must rely on their own evaluation of the Debtors and their own analysis of the terms of the Plan, including, but not limited to, any risk factors cited herein, in deciding whether to vote to accept or reject the Plan.

The contents of this Disclosure Statement may not be deemed as providing any legal, financial, securities, tax or business advice. The Debtors urge each Holder of a Claim or Interest to consult with its own advisors with respect to any such legal, financial, securities, tax or business advice in reviewing this Disclosure Statement, the Plan and each of the proposed transactions contemplated thereby. Furthermore, the Bankruptcy Court's approval of the adequacy of disclosure contained in this Disclosure Statement does not constitute the Bankruptcy Court's approval of the merits of the Plan.

Moreover, this Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation or waiver. Rather, Holders of Claims and Interests should construe this Disclosure Statement as a statement made in settlement negotiations related to contested matters, adversary proceedings and other pending or threatened litigation or actions.

Holders of Claims and Interests are encouraged to read and carefully consider this entire Disclosure Statement, including the Plan and the matters described under Article IX of this Disclosure Statement entitled "Plan-Related Risk Factors And Alternatives To Confirming And Consummating The Plan" prior to deciding whether to accept or reject the Plan.

The Debtors have not authorized any party to give any information about or concerning the Plan other than that which is contained in this Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement. Claimants should not rely upon any information, representations or other inducements made to obtain acceptance of the Plan that are other than, or inconsistent with, the information contained herein and in the Plan.

The Debtors' management has reviewed the financial information provided in this Disclosure Statement. Although the Debtors have used their best efforts to ensure the accuracy of this financial information, the financial information contained in, or incorporated by reference into, this Disclosure Statement.

The Debtors recommend that potential recipients of Reorganized NAPCUS Common Stock consult their own counsel concerning the securities laws consequences concerning the transferability of the Reorganized NAPCUS Common Stock.

---

3 This introduction is qualified in its entirety by the more detailed information contained in the Plan and elsewhere in the Disclosure Statement.

4 As set forth in this Disclosure Statement, all Holders of Claims who are entitled to vote on the Plan will receive this Disclosure Statement. All other Holders of Claims and Interests will receive a notice of the Disclosure Statement, which will provide details on how to obtain copies of this Disclosure Statement.

This Disclosure Statement summarizes certain provisions of the Plan, certain other documents and certain financial information. The Debtors believe that these summaries are fair and accurate; however, you should read the Plan in its entirety. In the event of any inconsistency or discrepancy between a description contained in this Disclosure Statement and the terms and provisions of the Plan or the other documents or financial information to be incorporated herein by reference, the Plan, or such other documents, as applicable, shall govern for all purposes.

The Debtors are providing the information in this Disclosure Statement solely for purposes of soliciting the votes of Holders of Claims and Interests entitled to vote to accept or reject the Plan or object to Confirmation. Nothing in this Disclosure Statement may be used by any Entity for any other purpose.

All exhibits to this Disclosure Statement are incorporated into and made a part of this Disclosure Statement as if set forth in full herein.

The Plan constitutes a motion seeking entry of an order substantively consolidating the Chapter 11 Cases as described and for the purposes set forth in the Plan.

A. PURPOSE AND EFFECT OF THE PLAN.

1. The Debtors.

The Debtors consist of the following entities: NAPCUS; Petroflow; and Prize.

2. Summary of the Plan.

After careful review of their current business operations and various liquidation and recovery scenarios and resolution of pending adversary proceedings involving Enterra Energy Corp. and certain of its affiliates, now known as Equal Energy Corp. (collectively, "Equal Energy"), as well as with the Debtors' Prepetition Lenders, the Debtors concluded that the recovery for Holders of Allowed Claims and Interests would be maximized through the now-consummated Global Settlement with Equal Energy and the Prepetition Lenders and continuing the operations of certain of the Debtors as a consolidated going concern pursuant to the restructuring described in the Plan.

Subsequent to consummation of the Global Settlement, the Debtors' remaining assets consist primarily of certain uphole "Shallow Rights" consisting of oil, gas and other minerals located between the surface of the earth and the base of the so-called Mississippi common source of supply, located in Grant County, Oklahoma. These are the assets around which the Debtors will conduct operations going forward. As further discussed herein, Reorganized NAPCUS and Equal Energy, as set forth in the Global Settlement, have executed and shall operate under new joint operating agreements with respect to the Debtors' remaining interests subsequent to the Effective Date.

Further, pursuant to the Plan, the Debtors' corporate structure will be consolidated such that Reorganized NAPCUS will be the surviving post-emergence entity through which the Debtors will conduct their operations after the Effective Date. Pursuant to the Plan, Petroflow and Prize will cease to exist and will be dissolved. The assets of the Debtors remaining in the Debtors' possession subsequent to consummation of the Global Settlement will vest in Reorganized NAPCUS on the Effective Date, as further described below and as set forth in the Plan. Existing equity in Petroflow will be cancelled and Reorganized NAPCUS will issue the Reorganized NAPCUS Common Stock to former Petroflow Interest Holders.

In addition, to enhance Reorganized NAPCUS' post-emergence liquidity, the Debtors have obtained commitments from certain Investors pursuant to the Investment Agreements attached to the Plan Supplement, to provide $3 million in new money to Reorganized NAPCUS in exchange for shares of Reorganized NAPCUS Series A Convertible Preferred Stock. Further, the Debtors intend to issue two additional series of preferred stock, the Reorganized NAPCUS Series B Convertible Preferred Stock and the Reorganized NAPCUS Series C Convertible Preferred Stock, to, respectively, Holders of Allowed General Unsecured Claims against NAPCUS and Holders of Allowed General Unsecured Claims against Petroflow.

The Debtors believe that the new money investment and the reconfigured capital structure for Reorganized NAPCUS will assist Reorganized NAPCUS' operational profitability subsequent to the Effective Date. In light of the new capital and the nature of Reorganized NAPCUS' contemplated going forward operations, the Debtors believe that their business and assets have considerable value that would not be realized in a liquidation scenario (under chapter 7 of the Bankruptcy Code or otherwise), either in whole or in substantial part

3. Summary of Restructuring Transactions.

In summary, the Plan contemplates the following restructuring transactions (described in greater detail in Article IV below, "The Joint Plan"):

- Consolidation of the existing corporate structure with Reorganized NAPCUS being the surviving post-emergence operating entity;
- Issuance of the Reorganized NAPCUS Series A Convertible Preferred Stock to the Investors on account of the Investment Commitment;
- Issuance of the Reorganized NAPCUS Series B Convertible Preferred Stock to the Holders of Class 4 NAPCUS Allowed General Unsecured Claims who elect a stock recovery on their Ballot; (provided, that Holders of Class 4 Claims who do not elect a stock recovery on their Ballots will be paid in full in Cash on account of their Allowed Class 4 Claims (up to an aggregate limit of $500,000 (or such higher amount as may later be agreed by the Debtors and the Creditors' Committee); to the extent the total amount of Allowed Class 4 Claims of Holders receiving Cash in exchange for their Allowed Class 4 Claims exceeds this aggregate limit, each such Holder will receive (a) its pro rata share of $500,000 in Cash (or such higher amount as may later be agreed by the Debtors and the Creditors' Committee), based on the pool of Allowed Class 4 Claims of holders electing to receive Cash, and (b) shares of Reorganized NAPCUS Series B Convertible Preferred Stock of a value in aggregate equal to that portion of such holder's Allowed Class 4 Claim not paid in Cash));
- Issuance of the Reorganized NAPCUS Series C Convertible Preferred Stock to the Holders of Class 3 Petroflow Allowed General Unsecured Claims;
- Issuance of up to $600,000 of Reorganized NAPCUS Common Stock under the Management Equity Plan, as further described in Article VIII.C. hereof;
- Cancellation of existing Petroflow Interests; and
- Issuance of Reorganized NAPCUS Common Stock to former Holders of Petroflow Interests, as further discussed below.

Based upon the Debtors' existing Claims analysis and reconciliation process, as further described in Article III herein, the Debtors believe that $500,000 should be sufficient to provide a full cash recovery to those NAPCUS general unsecured creditors not electing a stock recovery. The Debtors give no assurance, at this time, that the maximum aggregate amount of Cash that will be paid to holders of Class 4 Claims not electing a stock recovery will be any amount other than $500,000.

In connection with developing the Plan, the Debtors reviewed their current business operations and compared their prospects as an ongoing business enterprise with the estimated recoveries of Holders of Allowed Claims and Interests in a liquidation under chapter 7 of the Bankruptcy Code. As a result, the Debtors concluded that the recovery for Holders of Allowed Claims and Interests would be maximized through a stand alone restructuring of the Debtors' remaining assets and injection of fresh capital under the Investment Agreement after the transfer of the Debtors' core Oklahoma assets pursuant to the Global Settlement. The Debtors believe that their businesses and assets have considerable value that would not be realized in a liquidation, either in whole or in substantial part. Consistent with the liquidation analysis described herein, the value of the Debtors' assets would be materially greater if the Debtors operate as a going concern instead of liquidating. Moreover, the Debtors believe that any alternative to Confirmation of

the Plan, such as liquidation or attempts by another party in interest to File a plan of reorganization, would not be feasible, or result in significant delays, litigation and additional costs, and ultimately would lower the recoveries for Holders of Allowed Claims and Interests. Accordingly, the Debtors strongly recommend that you vote to accept the Plan, if you are entitled to vote.

4. Distribution of Reorganized NAPCUS Common Stock to Holders of Petroflow Interests.

The Plan also provides for certain distributions of Reorganized NAPCUS Common Stock to Holders of Allowed Petroflow Interests. In particular, the Plan contemplates the below distribution scheme with respect to new equity interests in Reorganized NAPCUS that will be provided to current holders of Petroflow Interests. The below classification scheme for the various Holders of Petroflow Interests is necessary to enable Reorganized NAPCUS to remain a private company not subject to public reporting obligations imposed by U.S. or Canadian securities laws upon emergence. This classification scheme is necessary because Reorganized Napcus will not have access to the audited historical financial information required to be a public reporting company upon emergence.

- ***Class 5A (Petroflow Emergence Interests).*** This Class consists of Holders of Petroflow Interests holding 250,000 or more shares of Petroflow common stock, subject to adjustment, such that Reorganized NAPCUS will not exceed the thresholds of no more than 300 Record Holders and no more than 51 beneficial holders in Canada (with no more than 15 beneficial holders residing in each of the jurisdictions of Canada) holding Reorganized NAPCUS Common Stock (on an as converted basis for the calculations under Canadian law).

- ***Class 5B (Petroflow Other Interests).*** In order not to be a public reporting company upon emergence and to allow Reorganized NAPCUS to preserve liquidity for operations, this Class consists of Holders of Petroflow Interests holding less than 250,000 shares of Petroflow common stock (or such other number of such shares), resulting in Reorganized NAPCUS having, and determining it will continue to have, no more than 300 Record Holders and no more than 51 beneficial holders in Canada (with no more than 15 beneficial holders residing in each of the jurisdictions of Canada) holding Reorganized NAPCUS Common Stock (on an as converted basis for the calculations under Canadian law).

Class 5A Holders will receive Reorganized NAPCUS Common Stock upon the Debtors' chapter 11 emergence. Upon the Debtors' chapter 11 emergence, Class 5B Holders will receive the right to receive, at Reorganized NAPCUS' option, their share of the Reorganized NAPCUS Common Stock or, in lieu of Reorganized NAPCUS Common Stock, Cash. Stock or cash consideration will be distributed under the Plan to Class 5B Holders on (or as soon as reasonably practicable after) any date (referred to as the Determination Date) determined by the board of directors or other governing body of Reorganized NAPCUS, but in no event later than the second anniversary of the Effective Date, on which one of the following events occur:

- Reorganized NAPCUS is able to fulfill (as determined by the board of directors or other governing body of Reorganized NAPCUS), or has obtained an exemption from, any applicable public reporting or registration requirements under applicable United States securities laws and regulations and Canadian securities laws and regulations which may arise from the issuance of Reorganized NAPCUS Common Stock to holders of Class 5B Interests;

- the Reorganized NAPCUS Board determines, in its discretion, to no longer defer distributions of Reorganized NAPCUS Common Stock to holders of Allowed Petroflow Other Interests;

- an Acquisition Event occurs;[5]

- Reorganized NAPCUS declares or approves payment of any cash dividends or other cash distributions with respect to the then existing shares of Reorganized NAPCUS Common Stock; or

[5] For a detailed description of the events that constitute an Acquisition Event, please see the definition of "Acquisition Event" set forth in Article XII, below.

- at any time, in lieu of issuing Reorganized NAPCUS Common Stock to holders of Petroflow Other Interests, Reorganized NAPCUS elects to pay Cash to such holders on account of their Petroflow Other Interests in an amount equal to the fair value (or determined pursuant to the Plan) of the Reorganized NAPCUS Common Stock such holders would have otherwise received.

The Reorganized NAPCUS Board, at its option, may decide to have the Determination Date occur and to make cash distributions to holders of Class 5B Interests as early as the Effective Date. Holders of Class 5A and 5B Interests are deemed to reject the Plan and are not entitled to vote on the Plan. As discussed below, the Debtors expect to be able to confirm the Plan despite the deemed rejection of the Plan by these Classes. Holders of Interests in Class 5A and Class 5B should refer to the section of this Disclosure Statement titled "Securities Law Matters" for more information regarding the issuance of the Reorganized NAPCUS Common Stock.

B. OVERVIEW OF CHAPTER 11.

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, Chapter 11 promotes equality of treatment for similarly situated creditors and similarly situated Interest Holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a Chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the bankruptcy commencement date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a plan is the principal objective of a Chapter 11 case. The Bankruptcy Court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or Interest Holder of a debtor and any other person or entity as may be ordered by the Bankruptcy Court, in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the Bankruptcy Court confirming a plan provides for the treatment of the debtor's debt in accordance with the terms of the confirmed plan.

C. SUMMARY OF CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AND INTERESTS UNDER THE PLAN.

The following chart summarizes distributions to Holders of Allowed Claims and Interests under the Plan.[6] The recoveries set forth below are projected recoveries and may change based upon changes in Allowed Claims and proceeds available.

The Plan provides for separate treatment of Holders of General Unsecured Claims against Petroflow, on the one hand, and NAPCUS, on the other. Debtor Prize does not, as of the date hereof, have (and does not anticipate having on the Effective Date) any outstanding creditors. As set forth in the Schedules, Equal Energy held a claim against Prize which was released pursuant to the Global Settlement. Accordingly, the Plan does not provide for a separate Class or subclass for Holders of General Unsecured Claims against Prize.

Class	Claim/Interest	Status	Estimated Recovery of Allowed Claims and Interests Under the Plan	Estimated Recovery of Allowed Claims Under Chapter 7 Liquidation
1	Secured Claims	Unimpaired	N/A[7]	N/A
2	Other Priority Claims	Unimpaired	100%	100%
3	Petroflow General Unsecured Claims	Impaired	100%	100%

[6] This chart is only a summary of the classification and treatment of Allowed Claims and Interests under the Plan. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Allowed Claims and Interests.

[7] **The Debtors estimate that at the conclusion of the Claims objection, reconciliation, estimation and resolution process there will be no or de minimis amounts of Secured Claims.**

4	NAPCUS General Unsecured Claims	Impaired	100%	100%
5A	Petroflow Emergence Interests	Impaired	$0.34 - $0.36 / share[8]	$0.05 – $0.07 / share
5B	Petroflow Other Interests	Impaired	$0.34 - $0.36 / share	$0.05 – $0.07 / share

D. PARTIES ENTITLED TO VOTE ON THE PLAN.

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a Chapter 11 plan. For example, Holders of Claims and Interests not Impaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan. Holders of Claims or Interests Impaired by the Plan and receiving no distribution on account of their Claims or Interests under the Plan are not entitled to vote because they are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code.

The following sets forth the Classes that are entitled to vote on the Plan and the Classes that are not entitled to vote on the Plan:

Class	Claim/Interest	Status	Voting Rights
1	Secured Claims	Unimpaired	Presumed to Accept
2	Other Priority Claims	Unimpaired	Presumed to Accept
3	Petroflow General Unsecured Claims	Impaired	Entitled to Vote
4	NAPCUS General Unsecured Claims	Impaired	Entitled to Vote
5A	Petroflow Emergence Interests	Impaired	Deemed to Reject
5B	Petroflow Other Interests	Impaired	Deemed to Reject

For a detailed description of the Classes of Claims and Interests, as well as their respective treatment under the Plan, see Article III of the Plan.

E. SUMMARY OF SOLICITATION PACKAGE AND VOTING INSTRUCTIONS.

The following materials constitute the solicitation package (the "Solicitation Package"):

- either (i) the Disclosure Statement Order (without its exhibits other than the Solicitation Procedures, which shall be attached as Exhibit 1 thereto) and the approved form of this Disclosure Statement (together with the Plan) in paper format with an appropriate form of Ballot and voting instructions with respect thereto, if applicable (with a pre-addressed, postage prepaid return envelope), for Holders of Claims who are entitled to vote on the Plan; or (ii) a notice of non-voting status;

- to the extent a Holder of any Claim receives the materials set forth in clause (i) of the immediately prior paragraph, such Holder also shall receive a letter from the Debtors urging the Holders of each Class entitled to vote on the Plan to vote to accept the Plan and, if applicable, a letter in form and substance, acceptable to the Debtors in their discretion, from

[8] These amounts and the amounts with respect to recoveries to Petroflow Other Interest under the Plan reflect the price per share before issuance of emergence equity under the Management Equity Plan and conversion of the Reorganized NAPCUS Convertible Preferred Stock to Reorganized NAPCUS Common Stock and the price per share after such events have occurred.

the Debtors' other significant constituents urging the Holders in each class entitled to vote on the Plan to vote to accept the Plan;

- the notice of the Confirmation Hearing; and
- such other materials as the Bankruptcy Court may direct.

The voting Classes, Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims, entitled to vote to accept or reject the Plan were served by overnight delivery (and, if an electronic mail address was known by the Debtors, by electronic mail) of this Disclosure Statement with all exhibits, including the Plan and the Solicitation Package. Additional paper copies of these documents may be requested from the Claims and Solicitation Agent by writing to NAPCUS Ballot Processing c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014. The Solicitation Package is also available at the Debtors' website, dm.epiq11.com/NAPCUS. All parties entitled to vote to accept or reject the Plan shall receive by electronic mail, facsimile and a paper copy of a Ballot, as applicable.

The Debtors, have engaged Epiq as the Claims and Solicitation Agent to assist in the balloting and tabulation process. The Claims and Solicitation Agent will, among other things, answer questions, provide additional copies of all Solicitation Package materials and generally oversee the solicitation process.

Only the Holders of Claims in Class 3 and Class 4 are entitled to vote to accept or reject the Plan. Unless otherwise permitted by the Debtors, to be counted, Ballots must be received by the Claims and Solicitation Agent by 5:00 p.m. (prevailing Eastern Time) on September 2, 2011, the Voting Deadline. **VOTING INSTRUCTIONS ARE ATTACHED TO EACH BALLOT. PLEASE SEE ARTICLE V BELOW ENTITLED "SOLICITATION AND VOTING PROCEDURES" FOR ADDITIONAL INFORMATION.**

Unless the Debtors, in their discretion decide otherwise, any Ballot received after the Voting Deadline shall not be counted. The Claims and Solicitation Agent will process and tabulate Ballots for the Class entitled to vote to accept or reject the Plan and will File a voting report (the "Voting Report") as soon as practicable after the Voting Deadline.

For answers to any questions regarding solicitation procedures, parties may contact the Claims and Solicitation Agent directly, at (646) 282-2400, with any questions related to the solicitation procedures applicable to their Claims and Interests.

The Plan Supplement will be Filed by the Debtors at least ten (10) days prior to the Voting Deadline. When Filed, the Plan Supplement will be available in both electronic and hard copy form, although the Debtors will not serve paper or CD-ROM copies. Details about how to access the Plan Supplement will be provided in the notice sent to all parties in interest at the commencement of the Chapter 11 Cases.

Any Ballot that is properly executed, but fails to clearly indicate an acceptance or rejection, or that indicates both an acceptance and a rejection of the Plan, shall not be counted.

All Ballots are accompanied by Voting Instructions. It is important to follow the specific instructions provided with each Ballot.

F. THE CONFIRMATION HEARING.

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

The Confirmation Hearing has been scheduled for September 14, 2011 at 1:00 p.m., prevailing Eastern Time. The Debtors will provide notice of the Confirmation Hearing to all necessary parties. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

G. CONFIRMING AND CONSUMMATING THE PLAN.

Following Confirmation, the Plan will be consummated on the day that is the first Business Day after the Confirmation Date on which the Confirmation Order shall have become a Final Order and all conditions specified in Article IX of the Plan have been (a) satisfied or (b) waived pursuant to Article 9.2 of the Plan (the "Effective Date").

For further information, see Article IX of the Plan, entitled "Conditions Precedent to Consummation of the Plan."

H. RISK FACTORS.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR INTEREST SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE IX, ENTITLED "PLAN RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMING AND CONSUMMATING THE PLAN."

I. RULES OF INTERPRETATION.

The following rules for interpretation and construction shall apply to this Disclosure Statement: (1) capitalized terms used in the Disclosure Statement and not otherwise defined shall have the meanings ascribed to such terms in Article I of the Plan; (2) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (3) unless otherwise specified, any reference in this Disclosure Statement 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; (4) unless otherwise specified, any reference in this Disclosure Statement to an existing document, schedule or exhibit, whether or not Filed, shall mean such document, schedule or exhibit, as it may have been or may be amended, modified or supplemented; (5) any reference to an Entity as a Holder of a Claim or Interest includes that Entity's successors and assigns; (6) unless otherwise specified, all references in this Disclosure Statement to Articles are references to Articles of this Disclosure Statement or to this Disclosure Statement; (7) unless otherwise specified, all references in this Disclosure Statement to exhibits are references to exhibits in this Disclosure Statement; (8) the words "herein," "hereof," and "hereto" refer to this Disclosure Statement in its entirety rather than to a particular portion of this Disclosure Statement; (9) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Disclosure Statement; (10) unless otherwise set forth in this Disclosure Statement, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (11) any term used in capitalized form in this Disclosure Statement that is not otherwise defined in this Disclosure Statement or the Plan but that is used in the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (12) all references to statutes, regulations, orders, rules of courts and the like shall mean as amended from time to time, unless otherwise stated; (13) in computing any period of time prescribed or allowed, the provisions of Bankruptcy Rule 9006(a) shall apply, and if the date on which a transaction may occur pursuant to this Disclosure Statement shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day; and (14) unless otherwise specified, all references in this Disclosure Statement to monetary figures shall refer to currency of the United States of America.

ARTICLE II
BACKGROUND

A. THE DEBTORS' BUSINESS OPERATIONS AND CAPITAL STRUCTURE.

1. The Debtors' Pre-Global Settlement Business Operations.

Prior to consummation of the Global Settlement (which is described in greater detail in Article III.C below), the Debtors operated an independent exploration and production company predominantly engaged in unconventional well drilling operations for oil and natural gas extraction in certain locations in Oklahoma. Over the past several years, substantially all of the Debtors' operations took place pursuant to a 2006 farmout agreement with Equal Energy (the "Farmout Agreement"). Under the Farmout Agreement and a related fee reimbursement agreement between Equal Energy and the Debtors (the "Cost Recovery Agreement"), the Debtors agreed to provide certain drilling services to Equal Energy in the Debtors' and Equal Energy's area of common resource interest (the "Hunton Resource Play") in return for a 70% interest in Equal Energy's working interest in the underground natural gas reserves.

The Farmout Agreement encompassed approximately 65,000 acres held by Equal Energy (40,000 of which were undeveloped). The Farmout Agreement further specified that any additional lands acquired by Equal Energy within those seven counties in Oklahoma would be included under the terms of the Farmout Agreement. Equal Energy agreed to pay for all related saltwater disposal infrastructure installations with such costs to be recouped by Equal Energy through a three year capital recovery fee schedule paid by the Debtors. Although Equal Energy maintained ownership of the facilities, the Debtors earned a continuous right to use such facilities. Under the Farmout Agreement, the Debtors drilled over 60 total Hunton Resource Play producers.

Alleging that the Debtors had not met certain timing deadlines regarding the drilling of certain of the wells, Equal Energy purported to send notice of termination of the Farmout Agreement to the Debtors on December 14, 2009. The parties' dispute ultimately was submitted to arbitration and, as further set forth herein, the parties ultimately agreed to mutually terminate the Farmout Agreement during the course of the Chapter 11 Cases. Moreover, in mid-February, 2010, Equal Energy filed certain state law mechanics and materialman's liens against the Debtors' interests in Equal Energy's working interests in the wells arising from certain infrastructure and operational expenses allegedly assumed and/or paid by Equal Energy under the Cost Recovery Agreement. As of the Petition Date, Equal Energy had asserted liens in an approximate amount of $9.2 million. In response, certain of the Debtors' purchasers, largely consisting of major oil and gas distributors who purchase oil and natural gas produced by the Wells, withheld revenues from the Debtors, totaling approximately $2.4 million per month. The purchasers' holdbacks shut off all of the Debtors' revenue, liquidity and ability to service their debt. Approximately $7.2 million in revenue was held in suspense by such purchasers as of the Petition Date.

In light of these events and the volatility in the capital markets and oil and natural gas industry at the time, the Debtors determined that the most prudent alternative would be to seek to restructure their operations, potentially through a sale or other transaction in a chapter 11 proceeding. To that end, on May 11, 2010, the Debtors successfully negotiated a second forbearance agreement with their prepetition bank lenders (a prior forbearance having been executed on February 16, 2010), providing the Debtors with incremental funding to bridge their operations through to a sale or other restructuring transaction. However, on May 24, 2010, the Debtors' prepetition lenders terminated the forbearance. Recognizing the challenges facing them, the Debtors filed the Chapter 11 Cases on the Petition Date to provide them the opportunity to restructure their operations and debt and implement a restructuring transaction in an orderly and value-maximizing manner under the auspices of a chapter 11 proceeding.

The Debtors' principal executive offices are located at 525 South Main Street 1120, Tulsa, Oklahoma 74103, and their telephone number is (918) 592-1010. The Debtors' workforce consists of six employees and two independent contractors.

Debtor North American Petroleum Corporation USA ("NAPCUS") is a wholly-owned subsidiary of Debtor Petroflow Energy Ltd. ("Petroflow"), a company incorporated and previously headquartered in Canada. In turn, NAPCUS owns Debtor entity Prize Petroleum LLC ("Prize") in its entirety.

Shares of Petroflow common equity were listed on the Toronto and American Stock Exchanges. Petroflow was a public reporting company under Canadian law and also filed reports with the Securities and Exchange Commission as a foreign private issuer (SEC file number 001-34100). On June 2, 2010, Petroflow was delisted from the Toronto Stock Exchange, and, on June 4, 2010, Petroflow was delisted from the American Stock Exchange. Traditionally, Petroflow has filed periodic and special reports and other information with the SEC, including an Annual Report on Form 40-F for the fiscal year ended December 31, 2008, filed with the SEC on April 27, 2009. Form 40-F allows Canadian companies, like Petroflow, to register and offer their securities to United States investors as well as to file annual reports to the SEC. Petroflow's most recent filing was on Form 6-K, which provided notification of Petroflow's commencement of a chapter 11 case. The public may read and copy any materials the Debtors file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov.

As a result of Petroflow's failure to continuously file disclosure documents, Petroflow common shares became subject to a cease trade order on April 12, 2010, such that Canadian residents were unable to trade in Petroflow shares. This order remains in place as of the date hereof.

Holders are encouraged to carefully consider the information contained in the Debtors' filings with the SEC because they contain important business and financial information regarding the Debtors.

2. The Debtors' Capital Structure.

As of the Petition Date, the Debtors' principal capital structure consisted of a Prepetition Credit Facility and equity. As of the Petition Date, the Debtors' total consolidated funded debt was approximately $102.7 million, consisting primarily of secured debt under the Prepetition Credit Facility. In addition to the Prepetition Credit Facility, the Debtors occasionally incur secured trade debt with various vendors and other contract counterparties.

As part of and upon closing of the Global Settlement, the Prepetition Credit Facility was cancelled, along with all instruments, certificates and other documents related thereto. All remaining obligations of the Debtors thereunder or in any way related to the Prepetition Credit Facility were thereupon waived and released by the Prepetition Lenders.

The Debtors anticipate that their post-restructuring capital structure will consist of the Reorganized NAPCUS Common Stock distributed to current Holders of Petroflow Interests, the Reorganized NAPCUS Convertible Preferred Stock and any equity that may be issued pursuant to the Management Equity Plan.

a. Prepetition Credit Facility.

As of the Petition Date, the Debtors had entered into the Prepetition Credit Facility with Texas Capital Bank, N.A., as administrative agent and Guaranty Bank, FSB, as co-agent, on behalf of the Prepetition Lenders party thereto. The Prepetition Credit Facility provided for an original commitment of $200 million. Approximately $102.7 million remained outstanding as of the Petition Date. Pursuant to the Prepetition Credit Agreement, the Prepetition Lenders had asserted liens against substantially all of the Debtors' assets, including, *inter alia*: (a) all of the Debtors' oil and gas property and mineral lease rights, as well as all wells, equipment and certain other properties relating to the Debtors' business, and all proceeds therefrom; and (b) any interest held by the Debtors in natural gas and other hydrocarbons in, under and produced from any oil and gas properties, and all proceeds therefrom.

As part of the Global Settlement, the Debtors transferred proceeds received from Equal Energy under the Global Settlement, along with internally generated funds, to the co-agents under the Prepetition Credit Facility in full and final satisfaction of all claims asserted or assertable under such facility.

b. Equity.

Parent Debtor Petroflow's common stock is no longer traded on any stock exchange. In June 2010, the stock was delisted from the American and Toronto Stock Exchanges. As of the Petition Date, the Debtors had approximately 29.5 million shares of common stock outstanding. The Debtors do not have any preferred stock outstanding.

ARTICLE III

CHAPTER 11 CASES

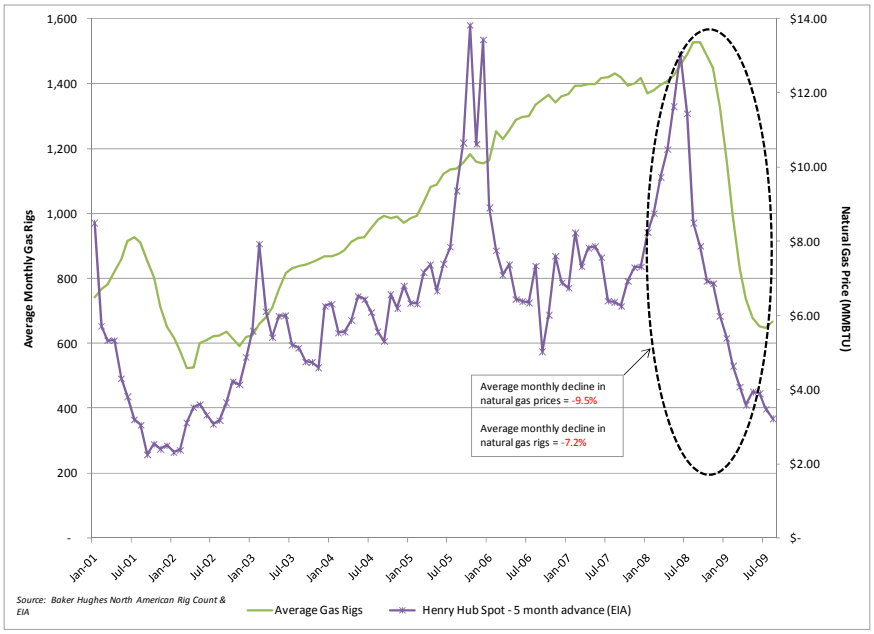
The following is a general summary of the Chapter 11 Cases, including the significant events leading to the Chapter 11 Cases and the anticipated events that will take place during the Chapter 11 Cases.

A. EVENTS LEADING TO THE CHAPTER 11 CASES.

In the months preceding the Petition Date, a series of events placed strain on the Debtors' liquidity and their ability to satisfy commitments contained in their credit agreements, ultimately leading to the filing of the Chapter 11 Cases. The events leading to these Chapter 11 Cases are described below.

1. The Downturn in the United States Oil and Natural Gas Industries.

Beginning in the Summer of 2008, oil and natural gas prices significantly declined while supply continued to increase, negatively impacting the revenue and profitability of oil and natural gas producers. Natural gas prices plummeted nearly 75% during the period from June 2008, when natural gas was over $13/MMBTU, to just over $3/MMBTU in August 2009. With almost 70% of domestic drilling rigs aimed at natural gas reserves, the impact was substantial. Indeed, as illustrated in the chart below, total average domestic rig count decreased over 55% during the period from nearly 1,950 in September 2008 to less than 850 in June 2009.



Moreover, despite reduced rig count, technological advances in natural gas drilling practices caused domestic natural gas supplies to increase, placing further strain on natural gas prices. The substantial deterioration in the oil and gas markets was followed by the rapid softening of the economy and tightening of the U.S. financial markets in the second half of 2008, which resulted in the effective collapse of the U.S. credit markets. As has been widely reported, the U.S. financial markets did not show much sign of improvement through the first three quarters of 2009.

2. The Deterioration of the Debtors' Financial Performance.

The adverse market conditions took a significant toll on the Debtors' financial position in the months prior to the Petition Date. With no immediate reduction in service costs, reduced revenues related to falling commodity prices and minimal growth, the Debtors' profit margins eroded significantly.

3. The Debtors' Out-of-Court Restructuring Initiatives.

In response to the downturn in the oil and natural gas industry and the Debtors' depressed financial performance, the Debtors embarked on a comprehensive operational restructuring to right size their balance sheet. These efforts included selling certain assets, closing facilities and reducing the size of the overall workforce. Specifically, and beginning in July of 2009, the Debtors initiated workforce reductions at all levels, including cutting the size of management in half and eliminating all noncritical administrative and other employees. The Debtors also closed their offices in Louisiana and Calgary and cut all associated staff.

The Debtors recognized, however, that additional steps were needed and embarked on a campaign to dispose of non-core assets. To that end, in December 2009, the Debtors sold, at a price of $3,300,000, certain oil and gas assets located in Midland, Texas that they had acquired in December 2005. Additionally, the Debtors sold certain swap positions they had held to raise an additional $4,400,000. The proceeds of these sales were used to pay down amounts outstanding under the Prepetition Credit Agreement, reducing the Debtors' debt burden.

Despite the Debtors' concerted efforts to bring their operations and balance sheet in line with performance, further balance sheet restructuring was required. The Debtors engaged in extensive prepetition discussions with the Prepetition Lenders regarding the terms of a consensual out-of-court restructuring. Notwithstanding good faith negotiations by all parties, the Debtors and the Prepetition Lenders were unable to agree on the terms of an out-of-court restructuring.

4. Prepetition Disputes with Equal Energy and Adversary Proceeding.

In late 2009, Equal Energy provided notice of the purported termination of the Farmout Agreement. In addition, Equal Energy sought to commence arbitration regarding claims asserted by it against the Debtors under the Farmout Agreement. These actions, among others, caused NAPCUS and Prize to file for chapter 11 on May 25, 2010, with Petroflow filing for chapter 11 on August 20, 2010. The Debtors disputed both Equal Energy's purported termination as well as its attempts to commence arbitration. As further set forth below, the Debtors' and Equal Energy's outstanding disputes were resolved in the context of the Adversary Proceedings and the Global Settlement.

B. ADMINISTRATION OF AND RESTRUCTURING INITIATIVES DURING THE CHAPTER 11 CASES.

1. First Day Relief.

In the days and weeks immediately after the Petition Date,[9] the Debtors devoted substantial efforts to stabilizing their operations and preserving and restoring their relationships with vendors, customers, employees, landlords and utility providers. To that end, the Debtors filed in the Bankruptcy Court certain motions (the "First Day Motions") in which the Debtors sought and obtained a number of orders from the Bankruptcy Court to minimize disruption to their operations and facilitate the administration of the Chapter 11 Cases. Several of these First Day Motions and orders are briefly summarized below. In addition, after Petroflow filed for chapter 11, the Debtors sought and obtained application of this first day relief to Petroflow.

a. Cash Collateral Use.

On May 26, 2010, the Debtors filed a motion seeking authorization to use cash collateral of certain prepetition secured parties, including the Prepetition Lenders and Equal Energy, to the extent such parties asserted secured claims against the Debtors. On May 28, 2010, after a hearing on the First Day Motions, the Bankruptcy

9 "Petition Date" means May 25, 2010 with respect to NAPCUS and Prize and August 20, 2010 with respect to Petroflow.

Court entered an interim order approving the relief requested on an interim basis. Pursuant to this order, the Debtors were authorized to use cash collateral (as defined in section 363(c)(2)(A) of the Bankruptcy Code) of the prepetition secured parties. In addition, the order provided for release of funds that had been withheld by customers of the Debtors at Equal Energy's direction, boosting the Debtors' liquidity. Notably, the interim order provided for cash collateral use only until through June 22, 2010.

On June 23, 2010, the Bankruptcy Court entered a second interim order extending the Debtors' authority to use cash collateral until July 2010. Subsequently, on June 30, 2010, after substantial negotiations among the Debtors, Equal Energy, and the Prepetition Lenders, Equal Energy filed an objection to entry of a final cash collateral order. On July 2, 2010, the Debtors filed a reply. Shortly before the scheduled hearing on the motion and continued negotiations over the Fourth of July holiday, the parties reached agreement on a consensual cash collateral order, which allowed the Debtors to use cash collateral on a final basis and enabled prepetition secured parties to terminate cash collateral use only for cause and on 15 days' notice to the Debtors (the notice period was later increased to 60 days pursuant to an order entered on August 30, 2010). The Bankruptcy Court entered the final cash collateral order on July 6, 2010. In addition, as part of the cash collateral order and as further provided below, the Debtors agreed to commence by July 15, 2010, an adversary proceeding against Equal Energy regarding the parties' respective rights and obligations under the Farmout Agreement, Cost Recovery Agreement and related agreements and understandings.

The relief provided the Debtors with additional Cash to continue operations, to make ordinary course and other approved payments, and to preserve the going concern value of their businesses.

b. Cash Management System.

On May 26, 2010, the Debtors filed a motion seeking authority for the Debtors to maintain their prepetition cash management systems after commencement of the Chapter 11 Cases, including inter-company transfers and use of bank accounts. On May 28, 2010, the Bankruptcy Court entered an order granting the motion, which helped to facilitate the efficient operation of the Debtors by not requiring it to make certain adjustments that likely would disrupt the Debtors' cash management system.

c. Wages.

On May 26, 2010, the Debtors filed a motion seeking authority to pay prepetition claims relating to unpaid employee compensation, reimbursable expenses as well as employee medical and similar benefits. Additionally, the Debtors requested authority to continue their worker's compensation programs. This relief allowed the Debtors to comply with state laws, maintain employee morale and prevent costly distractions and retention issues. Absent the ability to honor prepetition wages, salaries, benefits, commissions and other similar employee-related programs, the Debtors likely would have suffered significant losses at a time when they needed to stabilize their operations. On May 28, 2010, the Bankruptcy Court entered an interim order and on June 21, 2010 a final order authorizing, in the ordinary course of business and in accordance with the Debtors' prepetition policies, to pay employee wages and benefits.

d. Insurance.

In the ordinary course of business, the Debtors maintain a variety of insurance policies, providing coverage for, among other things: property, casualty (including general liability, automotive liability, tax liability, umbrella coverage, excess liability and workers' compensation), crime liability, fiduciary liability. In order to avoid any potential lapse of coverage and the expense of acquiring new coverage, on the Petition Date, the Debtors requested authority to continue their insurance and pay prepetition premiums necessary to maintain coverage. On June 21, 2010, the Bankruptcy Court entered an order granting the requested relief, thereby allowing the Debtors to continue their insurance payments and honor their insurance obligations.

e. Taxes.

On the Petition Date, the Debtors sought authority to pay certain sales, use, franchise and other taxes in the ordinary course of business. Certain of these taxes would have imposed personal liability on the Debtors' officers if they were not paid. In addition, taxing authorities may have taken adverse action against the Debtors in the event of

their non-payment of such taxes by initiating audits of the Debtors, suspending the Debtors from continuing their business, filing liens, seeking to lift the automatic stay and other remedies that likely would have harmed the estates. On June 21, 2010, the Bankruptcy Court entered an order granting the relief requested.

f. Utilities.

The Debtors filed a motion with the Bankruptcy Court on the Petition Date to enter orders approving procedures for, among other things, determining adequate assurance for utility providers, prohibiting utility providers from altering, refusing or discontinuing services and determining that the Debtors would not be required to provide any additional adequate assurance pending entry of a Final Order. Uninterrupted utility services are essential to the Debtors' ongoing operations and, therefore, to the success of the Debtors' reorganization. On June 21, 2010, the Bankruptcy Court entered an order establishing procedures for requesting additional adequate assurance. Pursuant to this order, utility providers were prohibited from refusing or terminating service or requiring a deposit from the Debtors as a result of the Debtors' bankruptcy filings or any outstanding prepetition claims.

g. Application to Retain Certain Professionals.

Throughout the Chapter 11 Cases, the Bankruptcy Court has approved the retention of certain Professionals to represent and assist the Debtors in connection with the Chapter 11 Cases. These Professionals include, among others: (a) Kirkland & Ellis LLP as counsel for the Debtors (final order granted June 21, 2010 [Docket No. 77]); (b) Kinetic Advisors LLC ("Kinetic"), as financial advisors for the Debtors (final order granted June 21, 2010 [Docket No. 78]); (c) Klehr Harrison Harvey Branzburg LLP (final order granted June 21, 2010 [Docket No. 71]); and (e) Epiq (final order granted May 28, 2010 [Docket No. 26]).

In addition, pursuant to an arrangement with the Debtors as set forth in the supplemental application Filed by Kinetic with the Bankruptcy Court on March 31, 2011, Kinetic is entitled to receive a $1 million completion fee upon consummation of the Plan on account of the services Kinetic provided to the Debtors that facilitated the Debtors' pursuit and implementation of a value-maximizing restructuring strategy in the Chapter 11 Cases. Unless earlier approved by the Bankruptcy Court, Confirmation by the Bankruptcy Court of the Plan shall be final approval of this completion fee, which shall not be distributed to Kinetic until on or as soon as reasonably practicable after the Effective Date. The Creditors' Committee reserves its rights to object by the applicable objection deadlines to payment of Kinetic's Completion Fee and the Plan, in each case, only to the extent that NAPCUS general unsecured creditors are not fully paid in cash unless they elect to receive stock or have otherwise agreed with the Debtors to be given an equity recovery.

Furthermore, the Debtors anticipated that they would need to employ various attorneys, accountants, natural resources engineering and other professionals in the ordinary course of business. On June 4, 2010, the Debtors sought authority to retain and compensate certain Professionals utilized in the ordinary course of the Debtors' business (each, an "OCP"). Due to the number of OCPs that are regularly retained by the Debtors, it would have been unwieldy and burdensome to both the Debtors and the Bankruptcy Court to request each such OCP to apply separately for approval of its employment and compensation. On June 21, 2010, the Bankruptcy Court entered an order granting the Debtors' requested relief.

h. Other Procedural Motions.

In addition, the Debtors filed the following motions, which were granted after a hearing in the Bankruptcy Court, obtaining: (a) an order directing the joint administration of the Debtors' Chapter 11 Cases; (b) orders authorizing the Debtors to (i) establish procedures for interim compensation and reimbursement of expenses for Professionals and official committee members; (ii) establish procedures for the sale, transfer or abandonment of de minimis assets; (iii) extend the deadline for the Debtors to file their schedules and statements; and (iv) establish a process for assumption of certain oil and gas leases.

2. Petroflow Chapter 11 Filing and Canadian Proceeding.

a. Chapter 11 Filing.

On August 20, 2010, to fully restructure all their debt and strengthen their going forward operations, the Debtors filed a chapter 11 petition for parent Debtor Petroflow. Preparing the petitions required the Debtors and their advisors to devote substantial time to reviewing Petroflow's books and records and coordinating with the Debtors' Canadian counsel to effectively develop a recognition strategy. On September 10, 2010, the Debtors obtained an order from the Bankruptcy Court applying to Petroflow the relief obtained by NAPCUS and Prize under certain "first day" orders described above that were entered by the Bankruptcy Court.

b. Canadian Proceeding.

On September 14, 2010, Petroflow applied to the Queen's Bench of Alberta Judicial District of Calgary seeking recognition of the Chapter 11 Case of Petroflow and certain other relief under section 47 of the Companies' Creditors Arrangement Act (as amended, the "CCAA"). The recognition order entered in Canada by the Calgary court on September 17, 2010: (a) recognized Petroflow's U.S. Chapter 11 Case as a "foreign main proceeding" as defined by section 47 of the CCAA; (b) recognized the orders granted by the Bankruptcy Court; (c) granted Petroflow a stay of any proceeding or enforcement process in any court or tribunal in Canada until further order of the Court; and (d) appointed Ernst & Young Inc. as the Information Officer for Petroflow and its Canadian stakeholders. On October 12, 2010, the Calgary court entered a second order granting full force and effect in Canada and against Petroflow's Canadian creditors and other stakeholders to the Bankruptcy Court's order setting Bar Dates for filing Proofs of Claim.

c. Petroflow Equity Cease-Trade Order.

In or about April 2010, Canadian securities commissions for the Canadian provinces of Alberta, British Columbia and Ontario entered orders prohibiting trading of Petroflow stock within Canada due to Petroflow's failure to file certain audited financial information. Petroflow's stock was later delisted from the Toronto Stock Exchange, effective as of June 2, 2010, and from the New York Stock Exchange Amex LLC, effective as of June 4, 2010.

3. Unsecured Creditors Committee and the Equity Committee.

a. Appointment of the Creditors' Committee.

On June 24, 2010, the U.S. Trustee appointed the Creditors' Committee pursuant to section 1102 of the Bankruptcy Code. The members of the Creditors' Committee currently include Bridwell Oil Company, Edward K. Kopplow and Walter M. Embrey, Jr.

The Creditors' Committee retained Martin & Drought, P.C., as counsel and Bifferato Gentilotti LLC as Delaware counsel to the Creditors' Committee. On July 20, 2010, the Bankruptcy Court entered orders approving these retentions. The Creditors' Committee also retained Mesirow Financial Consulting, LLC as its financial advisor. The Bankruptcy Court also approved this retention on August 19, 2010.

b. Meeting of Creditors.

The meeting of creditors pursuant to section 341 of the Bankruptcy Code was held, as to NAPCUS and Prize, on June 29, 2010 at the J. Caleb Boggs Federal Building, Wilmington, Delaware 19801. The meeting was continued to an open date and concluded on October 19, 2010. The meeting of creditors pursuant to section 341 of the Bankruptcy Code was held, as to Petroflow, on October 18, 2010 at the J. Caleb Boggs Federal Building, Wilmington, Delaware 19801.

In accordance with Bankruptcy Rule 9001(5) (which requires, at a minimum, that one representative of the Debtors appear at such meeting of creditors for the purpose of being examined under oath by a representative of the U.S. Trustee and by any attending parties-in-interest), a representative of the Debtors as well as counsel to the Debtors attended the meetings and answered questions posed by the U.S. Trustee and other parties-in-interest present at the meeting.

c. Equity Committee.

On May 4, 2011, the U.S. Trustee appointed an official committee of equity security holders pursuant to section 1102 of the Bankruptcy Code. The members of the Equity Committee currently include 1187932 Alberta Ltd., Scott Lake Holdings, Inc., Richard N. Azar II, Kevin D. Davis, and Joseph W. Blandford. The Equity Committee retained Curtis, Mallet-Prevost, Colt & Mosle LLP, as counsel and Young Conaway Stargatt & Taylor, LLP, as Delaware counsel to the Equity Committee. On June 16, 2011, the Bankruptcy Court entered orders approving these retentions.

4. Claims Objections & Estimates of Allowed Claims.

The Debtors (other than Petroflow) Filed their Schedules on July 22, 2010. Petroflow Filed its Schedules on September 17, 2010.

On October 12, 2010, the Bankruptcy Court entered the Bar Date Order [Docket No. 356], which set forth the following dates by which Proofs of Claim must be Filed:

1. Bar Date: November 22, 2010 at 5:00 p.m. prevailing Eastern time; and

2. Government Bar Date: (a) as to Proofs of Claim filed against NAPCUS or Prize, November 22, 2010; (b) as to Proofs of Claim filed against Petroflow, February 17, 2011.

Subject to certain limited exceptions contained in the Bankruptcy Code and, other than Claims arising from the rejection of executory contracts after the Bar Date, all proofs of Claim must have been submitted by the applicable Bar Date.

In accordance with the Bar Date Order, written notice of the Bar Dates and the Proof of Claim Form were mailed to, among others, all known Claimants holding actual or potential Claims and other parties listed in the Bar Date Order within four business days after the date of entry of the Bar Date Order. In addition, in accordance with the Bar Date Order, the Debtors published notice of the Bar Dates in the *Wall Street Journal* (national edition), the *Tulsa World*, *The Oklahoman*, and *The Calgary Herald*. A deadline by which Proofs of Claim for Administrative Claims (except to the extent such Claims are asserted pursuant to section 503(b)(9) of the Bankruptcy Code, discussed above) are required to be Filed with the Bankruptcy Court has not been established as of the date of this Disclosure Statement, and the Debtors will request that the Bankruptcy Court set an Administrative Claim Bar Date in connection with Confirmation of the Plan.

As of June 24, 2011, the Debtors' Claims and Solicitation Agent had received approximately 65 Proofs of Claims. The total amounts of Claims filed against one or more of the Debtors were as follows: (1) 16 Secured Claims in the total amount of $415,838,362.79 (nine of these Claims with an aggregate amount of $415,828,498.02 were filed by Equal Energy and the Prepetition Lenders and, as part of the Global Settlement, were released); (2) 9 Priority Claims in the total amount of $232,701.28; (3) 8 Unsecured Claims against Petroflow in the total amount of $777,966.77; and (4) 34 Unsecured Claims against NAPCUS in the total amount of $1,528,884.61. (As set forth elsewhere herein, Debtor Prize does not have any creditors, and therefore, no separate classification of Claims against Prize has been made in the Plan; six claims in total were filed against Prize, but are all, by the Debtors' estimation, duplicate claims also filed against another Debtor. The Debtors objected to these claims and such claims have been disallowed). The Debtors believe that many of the filed proofs of Claim are invalid, untimely, duplicative or overstated. Therefore, the Debtors are in the process of objecting to such Claims. Of note, there were a few claims asserted against Prize.

The Debtors estimate that, at the conclusion of the Claims objection, reconciliation and resolution process, the aggregate amount of Claims (which includes Filed Claims and Claims listed on the Debtors' Schedules) will be as follows: (1) Allowed Administrative Claims will be approximately $2.7 million; (2) there will be no or a de minimis amount of Allowed Secured Claims; (3) Allowed Priority Claims will be approximately $425,000; (4) Allowed General Unsecured Claims against Petroflow will be approximately $1.2 million; and (5) Allowed General Unsecured Claims against NAPCUS will be approximately $1 million. In particular with respect to General Unsecured Claims against NAPCUS, as of the date hereof, the following table reflects the status of existing General Unsecured Claims against NAPCUS after taking into account claims objections already filed and also accounting for

those claimants who have agreed to take Reorganized NAPCUS Series B Convertible Preferred Stock on account of their Class 4 Claims.

NAPCUS GENERAL UNSECURED CLAIMS STATUS

Total Amount of Filed & Scheduled NAPCUS Unsecured Claims	**$1,658,884.51**
Amount of Claims Disallowed under Approved Filed Objections to Date	**659,579.68**
Total Amount of Existing NAPCUS Unsecured Claims	**$999,304.93**
Total Amount of NAPCUS Claims of Those Creditors Who Have Agreed with Debtors to Take Reorganized NAPCUS Common Stock	**$548,671.25**
Maximum Aggregate Cash Amount Available for Class 4 Claims Under the Plan	**$500,000**

The estimates set forth herein are approximate and based upon numerous assumptions and there is no guarantee that the ultimate amount of Claims will conform to these estimates. Numerous Claims have been asserted in unliquidated amounts. Further, additional Claims may be filed or identified during the Claims objection, reconciliation and resolution process that may materially affect the foregoing estimates. Although the Debtors believe that certain Claims are without merit and intend to object to all such Claims, there can be no assurances that these objections will be successful.

5. Subsequent Pleadings and Relief.

Subsequent to the filing of the petition, the First Day Motions and the hearings on the same, the Debtors continued to operate their business in the ordinary course and proceeded with their restructuring efforts. Entry of orders granting the relief requested in the First Day Motions aided the Debtors in engaging in comprehensive restructuring initiatives without disruption from counterparties. However, during the course of the Chapter 11 Cases, the Debtors submitted additional filings and engaged in certain contested proceedings with various parties in interest. Several of these matters are briefly summarized below.

a. Defense of Lift Stay Motion.

On June 24 and June 29, 2010, Equal Energy filed motions to lift the automatic stay to drill wells in potential interference of the Debtors' exclusive drilling rights in the Hunton Resource Play and to proceed with certain arbitration over the Farmout Agreement. While the Debtors agreed to continue the arbitration, the Debtors contested, successfully, Equal Energy's lift stay motion to allow Equal Energy to continue drilling in the Hunton Resource Play.

b. Equal Energy Clarification Motion.

Subsequent to the Debtors' successful defense of Equal Energy's lift stay motion, on October 18, 2010, Equal Energy filed a motion for clarification requesting entry of an order clarifying the Bankruptcy Court's order allowing the parties to proceed with their arbitration. The Debtors contested the motion on the grounds that Equal Energy was improperly seeking relief beyond that which was granted in the Bankruptcy Court's lift stay motion. After good faith negotiations with Equal Energy, the Debtors and Equal Energy were able to resolve outstanding differences and agreed to entry of a consensual order granting the motion. The Bankruptcy Court entered the agreed order on November 30, 2011.

c. Stock Transfer Procedures Order.

On the November 9, 2010, the Bankruptcy Court entered an order approving the Debtors' proposed notification and hearing procedures for transfers of common stock of Debtor Petroflow. Entry of the order helped ensure that the Debtors will able to use significant net operating loss carryforwards and other tax credits and attributes.

6. Adversary Proceeding with Equal Energy and Related Litigation.

As noted above, the Debtors' consensually-negotiated cash collateral order required them to commence adversary proceedings against Equal Energy by July 15, 2010 to determine the parties' respective rights and obligations under their various prepetition agreements. On July 15, 2010, the Debtors commenced a 7-count adversary proceeding against Equal Energy to recover assets the Debtors asserted were wrongly taken and to invalidate certain liens Equal Energy had filed against the Debtors' assets. As part of the adversary proceeding, the Debtors requested:

- ***Count 1.*** recharacterization of the Cost Recovery Agreement as a disguised financing agreement to finance the Debtors' obligation to pay for their proportionate share of the saltwater disposal infrastructure;

- ***Count 2.*** in the alternative, and to the extent the Cost Recovery Agreement were not recharacterized, avoidance of payments made by the Debtors to Equal Energy under the Cost Recovery Agreement as fraudulent transfers (as the Debtors would have paid for infrastructure for which they received no ownership);

- ***Count 3.*** turnover of approximately $3.3 million in allegedly improper transfers and set-offs under section 550 of the Bankruptcy Code under the parties joint operating agreement, which governed the parties' commercial relationship with respect to operation of the wells (the "Joint Operating Agreement") and Cost Recovery Agreement;

- ***Count 4.*** recovery of approximately $3.3 million in allegedly improper transfers and set-offs under section 553(b) of the Bankruptcy Code under the Joint Operating Agreement and Cost Recovery Agreement;

- ***Count 5.*** avoidance and invalidation of certain of Equal Energy's liens as being inconsistent with and improper under Oklahoma state lien law;

- ***Count 6.*** declaratory relief adjudging Equal Energy's liens, if any, as junior to those held by the Debtors' prepetition lenders; and

- ***Count 7.*** declaratory relief affirming that payments owed under the Cost Recovery Agreement may not be claimed as an administrative expense.

In addition, on July 15, 2010, Equal Energy filed an administrative claim alleging that it was entitled to additional administrative expense treatment for the Debtors' prepetition use of the salt water disposal infrastructure and that the Debtors owed Equal Energy money under the Cost Recovery Agreement for reimbursement of capital expenses or, in the alternative, that the Debtors must pay a market rate to Equal Energy for the disposal of the saltwater. In particular, Equal Energy alleged that the monthly payment for saltwater disposal should be equal to $0.50 per barrel, resulting in an administrative expense of $1.2 million.

The Prepetition Lenders also commenced their own adversary proceeding against Equal Energy and the Debtors making similar allegations, and intervened on the side of the Debtors in the Debtors' adversary proceeding and as a respondent to Equal Energy's administrative claim. In addition, Equal Energy filed a motion to dismiss the Debtors' complaint on August 13, 2010.

The Debtors originally were prepared to have a hearing on all seven counts raised in their complaint, as well as Equal Energy's administrative expense claims, as early as October 2010. However, the Prepetition Lenders objected to the Debtors proposed timeline, asserting that four of the counts raised in the Debtors' complaint were so intertwined with the lenders' allegations that the matters would require additional time for discovery. Accordingly, to accommodate the lenders' concerns and avoid stalling litigation progress with further timeline disputes, the Debtors agreed to bifurcate their adversary proceeding with three counts to be heard in November and the remaining four (as requested by the bank lenders) to be heard in April 2011. On August 30, 2010, the Bankruptcy Court entered an order approving the proposed schedule submitted by the Debtors and the Prepetition Lenders pursuant to which the trial for four of the Debtors' counts against Equal Energy and the Prepetition Lenders claims raised in its

adversary proceeding complaint were delayed until April 2011, while counts 1, 2, and 7 of the Debtors' complaint, as well as Equal Energy's administrative expense claim, were set for trial in December 2010.

On December 1, 2010, the Bankruptcy Court issued an order denying Equal Energy's motion to dismiss the Debtors' complaint, which set the litigation for trial. On December 15, 16 and 17, the Bankruptcy Court conducted an evidentiary hearing on counts 1, 2, and 7 of the Debtors' complaint and Equal Energy's administrative expense claim.

Subsequently and prior to the Bankruptcy Court's ruling on the complaint, the Debtors and Equal Energy reached a consensual arrangement whereby the parties agreed to terminate the Farmout Agreement and Joint Operating Agreement [Docket No. 610]; [Docket No. 643]. In addition, the parties' arrangement effectively ended the arbitration that had been pending between the parties subsequent to Equal Energy's purported termination of the Farmout Agreement in December 2009.

On February 18, 2011, the Bankruptcy Court issued its findings of fact and conclusions of law, in which the Bankruptcy Court found (a) in part, for the Debtors and the Prepetition Lenders, on count 1 (recharacterization of the Cost Recovery Agreement) of the Debtors' complaint, (b) in favor of Equal Energy under counts 2 and 7 (fraudulent transfer and Equal Energy's administrative claim) and (c) in part, for Equal Energy on Equal Energy's administrative claim. In addition, the Bankruptcy Court ruled the Cost Recovery Agreement void in its entirety, which created significant uncertainty regarding Equal Energy's and the Debtors' respective commercial relationship going forward. In addition, the Bankruptcy Court disagreed with Equal Energy's valuation of the per-barrel charge to be applied to its administrative claim, using the Debtors' suggested valuation of $0.08 per barrel, rather than Equal Energy's suggested valuation of $0.50 per barrel. This significantly reduced Equal Energy's ultimate administrative claim against the Estates. On March 4, 2011, the Bankruptcy Court also issued an order (the "March 4 Order") based on its findings of fact and conclusions of law.

C. GLOBAL SETTLEMENT WITH EQUAL ENERGY AND THE PREPETITION LENDERS.

The Bankruptcy Court's March 4 Order provided the Debtors certain leverage in the Adversary Proceeding and the Chapter 11 Cases overall and gave all parties the impetus to explore a global settlement with Equal Energy and the Prepetition Lenders. In particular, the rulings set forth in the March 4 Order threatened to effectively transfer approximately $26 million in cash from Equal Energy to the Debtors on account of Equal Energy having to repay to the Debtors approximately $16.4 million of capital expense payments and eliminate Equal Energy's right to collect an additional approximately $10.1 million of capital expense claims. The March 4 Order ultimately had the effect of causing all parties to reassess the costs and advantages of further litigation and brought the parties to the negotiating table.

However, all parties continued to maintain their litigation posture. On March 4, 2011, for example, Equal Energy filed a motion to reconsider the March 4 Order and to preserve Equal Energy's appeal rights. [Docket No. 688]. Further, the Prepetition Lenders likewise filed a motion for clarification and/or amendment of the Bankruptcy Court's March 4 Order. [Docket No. 685]. As a result, without the Global Settlement, it is possible that the Adversary Proceeding would have escalated considerably, resulting in litigious disputes with Equal Energy and the Prepetition Lenders.

Notwithstanding potential threats posed by an intensification of the Adversary Proceedings, after weeks of negotiations, in consideration of the March 4 Order, the parties reached agreement on the key terms of a transfer of the majority of the Debtors' assets to Equal Energy, the consideration to be paid by Equal Energy for such transfer, the payments to be made to Prepetition Lenders in satisfaction of their secured claims and final settlement of the Debtors' and their estates', Equal Energy's and the Prepetition Lenders' outstanding claims against one another. The Global Settlement was, essentially, the final step necessary for the Debtors before submitting a viable plan of reorganization and emerging from chapter 11.

The Global Settlement provided for the following material terms and transactions:

- The Debtors transferred to Equal Energy, free and clear of all claims, liens and other encumbrances, all rights, title and interest in all assets owned by the Debtors in Oklahoma relating to lands, equipment

and inventory associated with NAPCUS' previous participation under the Farmout Agreement with Equal Energy.

- Equal Energy transferred to the Debtors $93.5 million in cash, as adjusted for certain amounts asserted by Equal Energy, in an amount not less than $5.8 million, and that were owed to Equal Energy for certain joint interest billing statements under the Joint Operating Agreement and certain other adjustments.

- The Prepetition Lenders', Equal Energy's and the Debtors' settlement and release of their outstanding mutual claims (including those arising under the Cost Recovery Agreement, the Farmout Agreement and the Joint Operating Agreement, as well as claims relating to the Prepetition Credit Facility and any claims arising in the Adversary Proceedings) was made contingent upon the Debtors' asset transfers to Equal Energy, Equal Energy's payment of consideration for the assets, and the Debtors' funding of an escrow account for the benefit of the Prepetition Lenders with the proceeds of the sale.

- In addition, simultaneously with the execution and delivery of a conveyance of the assets transferred by the Debtors, the Debtors (a) irrevocably and indefeasibly paid to the Lenders the difference between the consideration paid by Equal Energy for the Debtors' assets and $98.0 million (inclusive of currently suspended revenues on deposit at Texas Capital Bank, N.A.), (b) irrevocably and indefeasibly transferred to the Prepetition Lenders 70% of the Debtors' rights to certain state tax refunds and (c) instructed the Escrow Agent to deliver to the Prepetition Lenders all funds received from Equal Energy pursuant to the asset transfers. Such transfers (together with the release of any claims and causes of action against the Prepetition Lenders) were in full and final settlement, satisfaction, release and waiver of any and all claims of the Prepetition Lenders against the Debtors.

- The Debtors and Equal Energy executed an operating agreement with respect to certain uphole "Shallow Rights" (defined as all right, title, and interest in the oil, gas and other minerals from the surface of the earth to the stratigraphic equivalent of the base of the Mississippi common source of supply, located in Oklahoma), such that Equal Energy and NAPCUS will jointly share such uphole interests with respect to the interests held by Equal Energy at that time of NAPCUS drilling and earning under the Farmout Agreement on an equal basis.

- The Debtors and Equal Energy also will execute new joint operating agreements for each drilling spacing unit designating NAPCUS as the operator of these uphole zones.

On May 17, 2011, the Bankruptcy Court entered an order approving the Global Settlement [Docket No. 832]. On May 20, 2011, the Calgary court entered an order recognizing and giving effect to the Global Settlement and all related actions in Canada. The Global Settlement was consummated on June 1, 2011 .After the Global Settlement was consummated, the Debtors, Equal and the Prepetition Lenders filed notices of voluntarily dismissals of the adversary proceedings on or about June 3, 2011. The adversary proceedings were closed on June 10, 2011.

ARTICLE IV

THE JOINT PLAN

This section provides a summary of the structure and means for implementation of the Plan and the classification and treatment of Claims and Interests under the Plan, and is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein).

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions of the Plan or documents referred to therein.

The Plan itself and the documents therein control the actual treatment of Claims against, and Interests in, the Debtors under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors, the Debtors' Estates, Reorganized NAPCUS, all parties receiving property under the Plan and other parties in interest. In the event of any conflict between this Disclosure Statement and the Plan or any other operative document, the terms of the Plan and/or such other operative document shall control.

A. ADMINISTRATIVE AND PRIORITY CLAIMS.

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

1. Administrative Claims.

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or Reorganized NAPCUS, as applicable, each holder of an Allowed Administrative Claim (other than holders of Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code), will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim either: (a) on the Effective Date, or as soon as practicable thereafter; (b) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; or (c) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the holders of such Allowed Administrative Claims.

2. Priority Tax Claims.

Each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, at the sole option of the Debtors or Reorganized NAPCUS, as applicable, one of the following treatments on account of such Claim: (a) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; or (b) Cash in the aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period not more than five years after the Petition Date pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

B. CLASSIFICATION, TREATMENT, AND VOTING OF CLAIMS AND INTERESTS.

1. Classification of Claims and Interests.

Except for the Claims addressed in Article II of the Plan, all Claims and Interests are classified in the Classes set forth below pursuant to section 1122 of the Bankruptcy Code. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims, Fee Claims, and Priority Tax Claims. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date. There are no existing or anticipated future Claims against Prize Petroleum LLC; accordingly, the Plan does not contain any Classes of Claims with respect to Prize Petroleum LLC.

Class	Claim or Interest	Status	Voting Rights
1	Secured Claims	Unimpaired	Deemed to Accept
2	Other Priority Claims	Unimpaired	Deemed to Accept
3	Petroflow General Unsecured Claims	Impaired	Entitled to Vote
4	NAPCUS General Unsecured Claims	Impaired	Entitled to Vote
5A	Petroflow Emergence Interests	Impaired	Deemed to Reject
5B	Petroflow Other Interests	Impaired	Deemed to Reject

2. Treatment of Classes of Claims and Interests.

a. Class 1 — Secured Claims.

(i) ***Classification:*** Class 1 consists of any Secured Claims against any Debtor.

(ii) ***Treatment*****:** Except to the extent that a holder of an Allowed Class 1 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 1 Claim, at the sole option of the Debtors or Reorganized NAPCUS, as applicable, shall:

(a) have its Allowed Class 1 Claim reinstated and rendered Unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of such Allowed Class 1 Claim to demand or receive payment of such Allowed Class 1 Claim prior to the stated maturity of such Allowed Class 1 Claim from and after the occurrence of a default;

(b) receive Cash in an amount equal to such Allowed Class 1 Claim, including any interest on such Allowed Class 1 Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Effective Date and the date such Allowed Class 1 Claim becomes an Allowed Class 1 Claim, or as soon as practicable thereafter; or

(iii) ***Voting*****:** Class 1 is Unimpaired and holders of Allowed Class 1 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Allowed Class 1 Claims are not entitled to vote to accept or reject the Plan.

b. Class 2 — Other Priority Claims.

(i) ***Classification*****:** Class 2 consists of any Other Priority Claims against any Debtor.

(ii) ***Treatment*****:** Except to the extent that a holder of an Allowed Class 2 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 2 Claim, shall be paid in full in Cash on the later of (a) the Effective Date, or as soon as practicable thereafter, and (b) the date such Class 2 Claim becomes Allowed, or as soon as practicable thereafter.

(iii) ***Voting*****:** Class 2 is Unimpaired and holders of Allowed Class 2 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of

the Bankruptcy Code. Therefore, holders of Allowed Class 2 Claims are not entitled to vote to accept or reject the Plan.

c. Class 3 — Petroflow General Unsecured Claims.

(i) ***Classification*****:** Class 3 consists of any General Unsecured Claims against Petroflow Energy Ltd.

(ii) ***Treatment*****:** Except to the extent that a holder of an Allowed Class 3 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 3 Claim, on the Effective Date, or as soon as practicable thereafter, shall receive shares of Reorganized NAPCUS Series C Convertible Preferred Stock of a value equal to the aggregate amount of such holder's Allowed Class 3 Claim.

(iii) ***Voting*****:** Class 3 is Impaired and holders of Allowed Class 3 Claims are entitled to vote to accept or reject the Plan.

d. Class 4 — NAPCUS General Unsecured Claims.

(i) ***Classification*****:** Class 4 consists of any General Unsecured Claims against North American Petroleum Corporation USA.

(ii) ***Treatment*****:** Except to the extent that a holder of an Allowed Class 4 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 4 Claim, shall on the Effective Date, or as soon as practicable thereafter, be paid in full in Cash (unless such holder on account of its Allowed Class 4 Claim elects, on the ballot used to cast such holder's vote to accept or reject the Plan, to receive shares of Reorganized NAPCUS Series B Convertible Preferred Stock of a value in aggregate equal to such holder's Allowed Class 4 Claim instead of being paid in full in Cash); provided, however, if the Allowed Class 4 Claims of holders receiving Cash in exchange for their Allowed Class 4 Claims in aggregate exceed a value of $500,000 (or such higher amount as may later be agreed by the Debtors and the Creditors' Committee), each such holder shall on account of its Allowed Class 4 Claim receive (a) its pro rata share of $500,000 (or such higher amount as may later be agreed by the Debtors and the Creditors' Committee) in Cash, based on the pool of Allowed Class 4 Claims of holders receiving Cash, and (b) shares of Reorganized NAPCUS Series B Convertible Preferred Stock of a value in aggregate equal to that portion of such holder's Allowed Class 4 Claim not paid in Cash.

(iii) ***Voting*****:** Class 4 is Impaired and holders of Allowed Class 4 Claims are entitled to vote to accept or reject the Plan.

e. Class 5A — Petroflow Emergence Interests.

(i) ***Classification*****:** Class 5A consists of Petroflow Emergence Interests.

(ii) ***Treatment*****:** On the Effective Date, all Petroflow Emergence Interests shall be cancelled and extinguished, and each holder of an Allowed Class 5A Interest, in full and final satisfaction, settlement, release, and discharge of such holder's Allowed Class 5A Interest, on, or as soon as practicable after, the Effective Date, shall receive one share of Reorganized NAPCUS Common Stock for every one share of Petroflow Interests it holds as of the Distribution Record Date; provided, that such distribution shall be subject to dilution by conversion of Reorganized NAPCUS Convertible Preferred Stock, any shares issued as part

of the Determination Date Distribution and the Management Equity Plan.

(iii) ***Voting:*** Class 5A is Impaired, and holders of Allowed Class 5A Interests are conclusively deemed to have rejected the Plan. Therefore, holders of Allowed Class 5A Interests are not entitled to vote to accept or reject the Plan.

f. Class 5B — Petroflow Other Interests.

(i) ***Classification:*** Class 5B consists of Petroflow Other Interests.

(ii) ***Treatment:*** On the Effective Date, all Petroflow Other Interests shall be cancelled and extinguished. Reorganized NAPCUS will pay each holder of an Allowed Class 5B Interest, in full and final satisfaction, settlement, release, and discharge of such holder's Allowed Class 5B Interest such holder's pro rata share of the Determination Date Distribution on, or as soon as practicable after, the applicable Determination Date.

(iii) ***Voting:*** Class 5B is Impaired, and holders of Allowed Class 5B Interests are conclusively deemed to have rejected the Plan. Therefore, holders of Allowed Class 5B Interests are not entitled to vote to accept or reject the Plan.

3. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' or Reorganized NAPCUS's rights in respect of any Unimpaired Claim, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim.

4. Intercompany Claims and Intercompany Interests

Except as otherwise set forth in the Plan, there shall be no distributions on account of Intercompany Claims or Intercompany Interests. Notwithstanding the foregoing, Reorganized NAPCUS or the Debtors, as applicable, may reinstate, compromise, or cancel, as applicable, all Intercompany Claims and Intercompany Interests as necessary or appropriate to give effect to the transactions and distributions contemplated under the Plan.

5. Acceptance or Rejection of the Plan

a. Presumed Acceptance of the Plan.

Classes 1 and 2 are Unimpaired under the Plan and are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

b. Voting Classes.

Classes 3 and 4 are Impaired under the Plan, and holders of Allowed Class 3 and Class 4 Claims are entitled to vote to accept or reject the Plan.

c. Deemed Rejection of the Plan.

Classes 5A and 5B are Impaired and are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

6. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article XI of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

C. PROVISIONS FOR IMPLEMENTATION OF THE PLAN.

1. General Settlement of Claims

Unless otherwise set forth in the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests.

2. Sources of Consideration for Plan Distributions

All consideration necessary for the Debtors or Reorganized NAPCUS, as applicable, to make payments or distributions pursuant to the Plan shall be obtained from the issuance of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock, the Investment Commitment or other Cash on hand of the Debtors or Reorganized NAPCUS, including Cash derived from business operations.

3. Reorganized NAPCUS Securities

On, or as soon as practicable after, the Effective Date or the Determination Date, as applicable, Reorganized NAPCUS shall issue all Securities, notes, instruments, Certificates, and other documents required to be issued pursuant to the Plan. The issuance of shares of Reorganized NAPCUS Convertible Preferred Stock or Reorganized NAPCUS Common Stock are each authorized without the need for any further corporate action (including, action by the Debtors or Reorganized NAPCUS, as applicable, or their respective shareholders or board of directors or other governing bodies) or without any further action by a holder of Claims or Interests. The Reorganized NAPCUS Charter shall, pursuant to and as a result of the Plan, authorize the issuance and distribution of (a) shares of Reorganized NAPCUS Convertible Preferred Stock to the Distribution Agent on or after the Effective Date for the benefit of the Investors and holders of Allowed Claims in Classes 3 and 4, (b) Reorganized NAPCUS Common Stock to the Distribution Agent on or after the Effective Date for the benefit of holders of Allowed Class 5A Interests and (c) Reorganized NAPCUS Common Stock to the Distribution Agent on or after the Determination Date for the benefit of holders of Allowed Class 5B Interests, subject to Reorganized NAPCUS electing to issue shares of such stock in lieu of paying the cash equivalent of such shares to holders of Allowed Class 5B Interests. All of the shares of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Person or Entity receiving such distribution or issuance. If, at any time after the Effective Date, Reorganized NAPCUS implements a public equity securities offering in the United States or elsewhere that raises at least a certain threshold amount of capital (with such threshold amount being agreed to by the holders of Reorganized Convertible Preferred Stock prior to the time of their investment), all then outstanding Reorganized NAPCUS Convertible Preferred Stock, plus any accrued but unpaid dividends, shall automatically convert to Reorganized NAPCUS Common Stock on the terms set forth in the Reorganized NAPCUS Charter.

4. Investment Commitment

Upon entry of the Confirmation Order, the Debtors are authorized to consummate the Investment Agreements and the Debtors and all other parties to the Investment Agreements are authorized to take all actions necessary or appropriate to implement the terms of the Investment Agreements without need of any further court or other approvals. On the Effective Date, the Investors shall fulfill the Investment Commitment in all respects and the Debtors and Reorganized NAPCUS, as applicable, shall have full and unrestricted access to the funds committed by the Investors under the Investment Agreements. On the Effective Date, or as soon as practicable thereafter, each Investor shall receive Reorganized NAPCUS Series A Convertible Preferred Stock on account such Investor's new capital investment in accordance with the terms of the Plan and the Investment Agreements.

5. Exemption

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the Reorganized NAPCUS Series B Convertible Preferred Stock, Reorganized NAPCUS Series C Convertible Preferred Stock and Reorganized NAPCUS Common Stock pursuant to the Plan and any and all settlement agreements incorporated in the Plan will be exempt from the registration requirements of section 5 of the Securities Act. By virtue of Section 4(2) of the Securities Act or Regulation D promulgated thereunder, the offering, issuance, and distribution of the Reorganized NAPCUS Series A Convertible Preferred Stock and any and all settlement agreements incorporated in the Plan will be exempt from the registration requirements of section 5 of the Securities Act. In addition, Reorganized NAPCUS Convertible Preferred Stock and Reorganized NAPCUS Common Stock issued pursuant to the Plan and any and all settlement agreements incorporated therein will be freely transferable under the Securities Act by the recipients thereof, subject to: (a) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any applicable state or foreign securities laws, if any, and the rules and regulations of the United States Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments; (b) the restrictions, if any, on the transferability of such Securities and instruments, including those set forth in the Reorganized NAPCUS Charter and Section 4.9; and (c) any other applicable regulatory approval. For the purposes of Canadian securities laws, the offering, issuance and distribution of any Securities pursuant to the Plan will be issued in connection with a reorganization in accordance with the Companies' Creditors Arrangement Act (Canada), as amended, under which the Debtors will obtain the Canadian Recognition Order and by doing so such Securities issued pursuant to the Plan and any and all settlement agreements incorporated in the Plan will be exempt from Canadian prospectus requirements.

6. Subordination

The classification and treatment of all Claims and Interests under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims and Interests, and any such rights shall be settled, compromised, and released pursuant to the Plan.

7. Corporate Existence and Vesting of Assets in Reorganized NAPCUS

After giving effect to the actions to be taken by the Debtors under the Plan: (a) Prize Petroleum LLC shall, as of the Effective Date, be deemed dissolved and cease to exist, be deemed to have satisfied all of its obligations, have complied in all respects with all legal requirements for dissolution under applicable non-bankruptcy law, and have no liabilities or obligations to any party in interest other than those expressly set forth in the Plan; and (b) on, or immediately after, the Effective Date, Petroflow Energy Ltd. shall dissolve and cease to exist in compliance with all legal requirements for dissolution under applicable non-bankruptcy law, and have no liabilities or obligations to any party in interest other than those expressly set forth in the Plan. Except as otherwise provided in the Plan or in any agreement, instrument, or other document incorporated in the Plan, on the Effective Date all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall, pursuant to the Plan, be transferred to and vest in Reorganized NAPCUS, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Confirmation Date, except as otherwise provided in the Plan, Reorganized NAPCUS may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

8. Cancellation of Notes, Instruments, Certificates and Other Documents

On the Effective Date, except to the extent otherwise provided, all notes, instruments, Certificates, and other documents evidencing Claims or Interests shall be cancelled and the obligations of the Debtors or Reorganized NAPCUS thereunder or in any way related thereto shall be discharged; provided, however, that notwithstanding Confirmation or the occurrence of the Effective Date, any agreement that governs the rights of the holder of a Claim shall continue in effect solely for purposes of allowing holders to receive distributions under the Plan.

9. Private Company

On the Effective Date, Reorganized NAPCUS shall be a private company under United States securities law. As such, Reorganized NAPCUS will not list the Reorganized NAPCUS Common Stock or Reorganized NAPCUS Convertible Preferred Stock on a national or any other securities exchange and shall not be required to (but may in its discretion) register with the United States Securities and Exchange Commission or other similar regulatory authority in the United States or elsewhere any equity securities of Reorganized NAPCUS or to file periodic reports under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended. Upon the securities commissions of the Canadian provinces of British Columbia, Alberta and Ontario on the Effective Date, or as soon as practicable thereafter, approving the Debtors' or Reorganized NAPCUS's, as applicable, application recognizing that Reorganized NAPCUS is not a reporting issuer under applicable Canadian securities laws, Reorganized NAPCUS shall not be required to file continuous disclosure documents in Canada.

10. Corporate Action

Upon entry of the Confirmation Order, each of the matters provided for by the Plan involving the corporate structure of the Debtors, Reorganized NAPCUS, or corporate or related actions to be taken by or required of the Debtors or Reorganized NAPCUS, whether taken prior to or as of the Effective Date, shall be authorized without the need for any further corporate action (including, action by the Debtors or Reorganized NAPCUS, as applicable, or their respective shareholders or board of directors or other governing bodies) or without any further action by a holder of Claims or Interests. Such actions may include: (a) consummation and implementation of the Investment Agreements; (b) the amendment and restatement of the Reorganized NAPCUS Charter and Reorganized NAPCUS Bylaws; (c) the appointment of the Reorganized NAPCUS Board; (d) the adoption and implementation of the Management Equity Plan; (e) the dissolution of Petroflow Energy Ltd. and Prize Petroleum LLC; and (f) the authorization, issuance, and distribution of Reorganized NAPCUS Convertible Preferred Stock, Reorganized NAPCUS Common Stock, and any other Securities to be authorized, issued, and distributed pursuant to the Plan. Upon entry of the Confirmation Order, the Debtors and Reorganized NAPCUS shall have the authority to take any actions necessary or appropriate to implement the Plan in Canada.

11. Certificate of Incorporation and Bylaws

After the Effective Date, Reorganized NAPCUS may amend and restate its certificate of incorporation and other constituent documents as permitted by the laws of its respective jurisdiction of formation and its respective charter and bylaws. The amended and restated Reorganized NAPCUS Charter shall, among other things: (a) authorize the issuance of the shares of Reorganized NAPCUS Convertible Preferred Stock and Reorganized NAPCUS Common Stock and (b) pursuant to and only to the extent required by section 1123(a)(6) of the Bankruptcy Code, include a provision prohibiting the issuance of non-voting Equity Securities. The form and substance of the Reorganized NAPCUS Charter and Reorganized NAPCUS Bylaws shall be included in the Plan Supplement.

12. Effectuating Documents, Further Transactions

On and after the Effective Date, Reorganized NAPCUS, and the officers and members of the Reorganized NAPCUS Board are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of Reorganized NAPCUS, without the need for any approvals, authorizations, or consents except for those expressly required pursuant to the Plan. Upon entry of the Confirmation Order, the Debtors shall seek entry of the Canadian Recognition Order in the Canadian Proceeding.

13. Section 1146(a) Exemption

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property 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 upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents are directed to forgo the

collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

14. Directors and Officers of Reorganized NAPCUS

On the Effective Date, the terms of all directors of the Debtors shall be deemed to have expired, and all such directors shall be relieved of their respective duties, and the Reorganized NAPCUS Board shall be appointed. The Debtors' existing officers immediately prior to the Effective Date shall, on and after the Effective Date, serve as officers of Reorganized NAPCUS in the same capacities in which they served as officers of the Debtors immediately prior to the Effective Date. The identities and affiliates of the members of the Reorganized NAPCUS Board shall be disclosed in advance of the Confirmation Hearing in accordance with section 1129(a)(5) of the Bankruptcy Code. On and after the Effective Date, each director or officer of Reorganized NAPCUS shall serve pursuant to the terms of the Reorganized NAPCUS Charter, the Reorganized NAPCUS Bylaws, or other constituent documents, and applicable state corporation law.

15. Employee Benefits

On and after the Effective Date, Reorganized NAPCUS shall have the sole discretion to (a) amend, adopt, assume, and/or honor, in the ordinary course of business or as otherwise provided for in the Plan, any contracts, agreements, policies, programs, and plans for, among other things, compensation, pursuant to the terms thereof or pursuant to the Plan, including any incentive plan, as applicable, including health care benefits, disability benefits, deferred compensation benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of any of the Debtors who served in such capacity from and after the Petition Date and (b) honor, in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time, if any, arising prior to the Petition Date and not otherwise paid pursuant to a Bankruptcy Court order. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

16. Management Equity Plan

On the Effective Date, the Management Equity Plan shall be deemed adopted, approved, and authorized without further action of the Reorganized NAPCUS Board. The issuance of any equity or other award reserved for under the Management Equity Plan is authorized without the need for any further corporate action (including, action by the Debtors or Reorganized NAPCUS, as applicable, or their respective shareholders or board of directors or other governing bodies) or without any further action by a holder of Claims or Interests.

17. Preservation of Rights of Action

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by a Final Order, in accordance with section 1123(b) of the Bankruptcy Code, Reorganized NAPCUS shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and Reorganized NAPCUS's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. Reorganized NAPCUS may pursue such Causes of Action, as appropriate, in accordance with the best interests of Reorganized NAPCUS. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or Reorganized NAPCUS will not pursue any and all available Causes of Action against them. The Debtors and Reorganized NAPCUS expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, Reorganized NAPCUS expressly reserves all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

Reorganized NAPCUS reserves and shall retain the foregoing Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in Reorganized NAPCUS. Reorganized NAPCUS, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. Reorganized NAPCUS shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, or to decline to do any of the foregoing, without the consent or approval of any third party or any further notice to or action, order, or approval of the Bankruptcy Court.

18. Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors or Reorganized NAPCUS, as applicable, may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Plan, including, without limitation: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, liquidation, dissolution or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of the Plan; (c) the filing of appropriate certificates of incorporation, merger or consolidation with the appropriate governmental authorities pursuant to applicable law; and (d) all other actions that the Debtors or Reorganized NAPCUS determine are necessary or appropriate, including making any filings or recordings that may be required by applicable law in connection with any of the transactions approved by, contemplated by or necessary or appropriate to effectuate the Plan.

19. Provisions Governing the Determination Date Distribution

The right of a holder of Allowed Petroflow Other Interests to receive a distribution pursuant to the Determination Date Distribution will not represent any ownership or equity interest in Reorganized NAPCUS nor bear any stated rate of interest, and will not entitle any holder of Allowed Petroflow Other Interests to have any voting or dividend rights. The right of a holder of Allowed Petroflow Other Interests to receive a distribution pursuant to the Determination Date Distribution: (a) shall not be transferrable in any respect except in accordance with a will, the laws of intestacy or by other operation of law; and (b) will not be evidenced by any certificate or other instrument. The amount and form of consideration (including Cash) to be issued upon the making of distributions pursuant to the Determination Date Distribution shall be appropriately and equitably adjusted to reflect fully the effect of any stock dividend, stock split, reverse stock split, reclassification, recapitalization, consolidation, exchange of similar changes with respect to the Reorganized NAPCUS Common Stock that occurred prior to the Determination Date.

Until such time as the Determination Date Distribution is fully made, the Reorganized NAPCUS Board shall, beginning on the date that is six months after the Effective Date and every six months thereafter, consider whether it would be appropriate to continue to defer making distributions pursuant to the Determination Date Distribution, after taking into consideration the legitimate interests of Allowed Petroflow Other Interests holders in receiving a tangible distribution in respect of their Allowed Petroflow Other Interests. Promptly after each time the Reorganized NAPCUS Board makes its decision as to whether to continue to defer or to make distributions pursuant to the Determination Date Distribution, Reorganized NAPCUS shall provide notice of such decision to holders of Allowed Petroflow Other Interests by publication on Reorganized NAPCUS's website or other similar means.

20. Administrative Claims Bar Date

All requests for payment of an Administrative Claim (except with respect to Fee Claims or as otherwise provided in the Plan) must be filed with the Claims and Solicitation Agent and served upon counsel for the Debtors or Reorganized NAPCUS, as applicable, on or before the date that is thirty (30) days after the Effective Date. Reorganized NAPCUS may settle and pay any Administrative Claims in the ordinary course of business without any further notice or action, order or approval of the Bankruptcy Court. In the event that any party with standing objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an

Administrative Claim is required with respect to an Administrative Claim previously Allowed by Final Order.

D. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

1. Assumption of Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, or by prior order of the Bankruptcy Court, each Debtor shall be deemed to have assumed each Executory Contract and Unexpired Lease to which it is a party except any contract or lease as of the Effective Date that: (a) was assumed or rejected previously by the Debtors pursuant to an order of the Bankruptcy Court entered prior to the Effective Date; (b) previously expired or terminated pursuant to its own terms; (c) is the subject of a motion to reject filed on or before the Confirmation Date; or (d) is set forth in a schedule, as an Executory Contract or Unexpired Lease to be rejected, filed as part of the Plan Supplement; provided, however, that the Debtors reserve the right on or prior to the Confirmation Date, to amend the schedules contained in the Plan Supplement to delete any Executory Contract or Unexpired Lease therefrom or add any Executory Contract or Unexpired Lease thereto, in which event such Executory Contract(s) or Unexpired Lease(s) shall be deemed to be, respectively, either rejected or assumed as of the Effective Date. The Debtors shall provide notice of any such amendments to the parties to the Executory Contracts and Unexpired Leases affected thereby.

Notwithstanding the foregoing paragraph, after the Effective Date, Reorganized NAPCUS shall have the right to terminate, amend, or modify any Intercompany Contracts, leases, or other agreements without approval of the Bankruptcy Court.

Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the Executory Contracts and Unexpired Leases assumed pursuant to the Plan and (b) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the Executory Contracts and Unexpired Leases rejected pursuant to the Plan Supplement.

2. Cure of Defaults and Objections to Cure and Assumption

With respect to any Executory Contract or Unexpired Lease, to be assumed pursuant to the Plan, all Cures will be satisfied by payment of the Cures in Cash on the Effective Date or as soon as reasonably practicable thereafter as set forth in the Plan or on such other terms as the parties to each such Executory Contract or Unexpired Lease may otherwise agree without any further notice to or action, order, or approval of the Bankruptcy Court. With respect to each such Executory Contract and Unexpired Lease to be assumed pursuant to the Plan, the Debtors will have designated a proposed amount of the Cure to be included in the Plan Supplement and will send notice of such proposed assumption and Cure to the applicable lease and contract counterparties, and the assumption of such Executory Contract and Unexpired Lease may be conditioned upon the disposition of all issues with respect to such Cure.

Requests for payment of a Cure with respect to any Executory Contract or Unexpired Lease to be assumed pursuant to the Plan in an amount different than specified in the Plan Supplement must be filed and served on the Debtors no later than ten days after the filing of the relevant Plan Supplement. **Holders of Cures with respect to any Executory Contract or Unexpired Lease that do not file and serve such a request by such date will be forever barred, estopped and enjoined from asserting such Cures against the Debtors, Reorganized NAPCUS, or their respective property, and such Cures will be deemed discharged as of the Effective Date.**

With respect to any Executory Contract or Unexpired Lease, in the event of a dispute regarding: (a) the amount of any Allowed Cure; (b) the ability of Reorganized NAPCUS to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code), if applicable, under the Executory Contract or the Unexpired Lease to be assumed; or (c) any other matter pertaining to assumption, the Cures shall be paid following the entry of a Final Order resolving the dispute and approving the assumption of such Executory Contracts or Unexpired Leases; provided, however, that the Debtors or Reorganized NAPCUS may settle any

dispute regarding the amount of any Cure without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Claims Based on Rejection of Executory Contracts and Unexpired Leases

Unless otherwise provided by an order of the Bankruptcy Court, any Proofs of Claim asserting Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases pursuant to the Plan must be filed by holders of such Claims with the Claims and Solicitation Agent no later than thirty (30) days after the later of (a) the Effective Date or (b) the effective date of rejection for such holders to be entitled to receive distributions under the Plan on account of such Claims. Any holder of a Proof of Claim arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases that does not timely file such Proof of Claim shall not (a) be treated as a creditor with respect to such Claim or (b) participate in any distribution in the Chapter 11 Cases on account of such Claim, and such Claim shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

4. Indemnification Obligations

Each Indemnification Obligation shall be deemed assumed by the applicable Debtor effective as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, unless such Indemnification Obligation previously was rejected by the Debtors pursuant to a Bankruptcy Court order or is the subject of a motion to reject pending on the Effective Date. Reorganized NAPCUS reserves the right to honor or reaffirm, at any time, Indemnification Obligations other than those terminated by a prior or subsequent order of the Bankruptcy Court, whether or not executory, in which case such honoring or reaffirmation shall be in complete satisfaction, discharge, and release of any Claim on account of such Indemnification Obligation. Each Indemnification Obligation that is assumed, deemed assumed, honored, or reaffirmed shall remain in full force and effect, shall not be modified, reduced, discharged, impaired, or otherwise affected in any way, and shall survive Unimpaired and unaffected, irrespective of when such obligation arose.

5. Insurance Policies

Each insurance policy (including any and all of the Debtors' unexpired directors' and officers' liability insurance policies and fiduciary policies) shall be deemed assumed by Reorganized NAPCUS as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, to the extent such insurance policy is executory, unless such insurance policy previously was rejected by the Debtors pursuant to a Bankruptcy Court order, is the subject of a motion to reject pending on the Effective Date.

6. Compensation and Benefits Programs

Subject to the provisions of the Plan, all Compensation and Benefits Programs shall be treated as Executory Contracts under the Plan and deemed assumed on the Effective Date pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, except for any prepetition employee equity or equity-based incentive plans. Any and all Compensation and Benefit Claims are Unimpaired and entitled to full payment.

7. Contracts, Intercompany Contracts, and Leases Entered Into After the Petition Date

Contracts, Intercompany Contracts, and leases entered into after the Petition Date by any Debtor and any Executory Contracts and Unexpired Leases assumed by any Debtor may be performed by Reorganized NAPCUS in the ordinary course of business.

8. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtors or Reorganized NAPCUS that any contract or lease is in fact an Executory Contract or Unexpired Lease or that Reorganized NAPCUS has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or Reorganized NAPCUS, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

E. PROVISIONS GOVERNING DISTRIBUTIONS.

1. Distributions on Account of Claims and Interests Allowed as of the Effective Date

Except as otherwise provided in the Plan, a Final Order, or as otherwise agreed to by the relevant parties, on the first Distribution Date, the Distribution Agent shall make initial distributions under the Plan on account of Claims and Interests Allowed on or before the Effective Date, subject to Reorganized NAPCUS's right to object to Claims; provided, however, that (a) distributions under the Determination Date Distribution shall not be made until the Determination Date has occurred, (b) Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the Debtors prior to the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice, and (c) Allowed Priority Tax Claims shall be paid in full in Cash on the first Distribution Date or in installment payments over a period not more than five years after the Petition Date pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

2. Distributions on Account of Claims and Interests Allowed After the Effective Date

a. Payments and Distributions on Disputed Claims and Interests.

Except as otherwise provided in the Plan, a Final Order, or as agreed to by the relevant parties, distributions under the Plan on account of Disputed Claims or Interests that become Allowed after the Effective Date shall be made on the Distribution Date that is at least 30 days after the Disputed Claim or Interest becomes an Allowed Claim or Allowed Interest; provided, that, notwithstanding the foregoing, (a) holders of Disputed Interests that are Petroflow Emergence Interests or Petroflow Other Interests that become Allowed after the Effective Date but prior to the Determination Date shall receive the distribution to which they are entitled under the Plan on account of such Interests on the Determination Date, or as soon as practicable thereafter, (b) Disputed Claims that are Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the Debtors on or before the Effective Date that become Allowed after the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice, and (c) Disputed Claims that are Priority Tax Claims that become Allowed Priority Tax Claims after the Effective Date shall be paid in full in Cash on the Distribution Date that is at least 30 days after the Disputed Claim becomes an Allowed Claim or over a five-year period as provided in section 1129(a)(9)(C) of the Bankruptcy Code with annual interest provided by applicable non-bankruptcy law.

b. Special Rules for Distributions to Holders of Disputed Claims and Interests.

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed by the relevant parties (a) no partial payments and no partial distributions shall be made with respect to a Disputed Claim or Interest until all such disputes in connection with such Disputed Claim or Interest have been resolved by settlement or Final Order and (b) any Entity that holds both an Allowed Claim and a Disputed Claim or an Allowed Interest and a Disputed Interest shall not receive any distribution on the Allowed Claim or Interest unless and until all objections to the Disputed Claim or Interest have been resolved by settlement or Final Order or the Claims or Interests have been Allowed or expunged. All distributions made pursuant to the Plan on account of an Allowed Claim or an Allowed Interest shall be made together with any dividends, payments, or other distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim or Allowed Interest had been an Allowed Claim or Allowed Interest on the dates distributions were previously made to holders of Allowed Claims or Allowed Interests included in the applicable Class; provided, however, that no interest shall be paid on account to such Allowed Claims unless required under applicable bankruptcy law.

3. Determination Date Distribution

On the Determination Date, or as soon as practicable thereafter, subject to satisfaction of all necessary conditions specified in the Plan (including that all Allowed Claims in Classes 1 through 4 are satisfied in full pursuant to the Plan or holders of such Claims have agreed to less favorable treatment than set forth in the Plan), Reorganized NAPCUS shall make the Determination Date Distribution pursuant to which Reorganized NAPCUS, at its option, shall: (a) issue one share of Reorganized NAPCUS Common Stock for every one share of Petroflow Interests held by holders of Allowed Petroflow Other Interests; or (b) pay Cash to such holders in an amount equal to the fair value, as of the Determination Date, of the Reorganized NAPCUS Common Stock such holders would have otherwise received; provided, that, for purposes of the Determination Date Distribution, fair value: (a) to the extent distributions pursuant to the Determination Date Distribution are made on, or soon after, the Effective Date, shall be the Reorganized NAPCUS Common Stock share price as set forth in the Disclosure Statement; or (b) to the extent distributions pursuant to the Determination Date Distribution are made after the period set forth in the immediately preceding clause (a) of this paragraph, shall be calculated by an independent valuation firm accredited through the National Association of Certified Valuation Analysts or an equivalent nationally-recognized organization using valuation methodologies which in the opinion of such firm are generally accepted and applied by independent valuation professionals when valuing stock having the characteristics of Reorganized NAPCUS Common Stock.

Notwithstanding anything to the contrary in the immediately preceding paragraph, in the event an Acquisition Event occurs, distributions to holders of Petroflow Other Interests on account of their Petroflow Other Interests shall be made in the same form and amount of consideration payable to the holders of Reorganized NAPCUS Common Stock existing immediately before the Acquisition Event occurs (or if such consideration is not cash, at Reorganized NAPCUS's option, in cash in an amount equal to the fair value as of the date the Acquisition Event occurred and as determined pursuant to Section 6.3 of the Plan) of such non-cash consideration).

4. Delivery of Distributions in General

a. Record Date for Distributions With Respect to Claims.

On the Distribution Record Date, the Claims Register for each of the Classes of Claims as maintained by the Debtors or their respective agents shall be deemed closed, and there shall be no further changes made to reflect any new record holders of any Claims. Notwithstanding the foregoing, if a Claim or Interest is transferred less than 20 days before the Distribution Record Date, the Distribution Agent shall make distributions to the transferee only to the extent practical and in any event only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor. The Debtors shall have no obligation to recognize any transfer of Claims made on or after the Distribution Record Date. As Petroflow Interests are being cancelled under the Plan and Petroflow Interest holders are required pursuant to the Plan to surrender their shares of Petroflow Interests, no distribution record date shall apply to Petroflow Interests.

b. Distribution Process.

The Distribution Agent shall make all distributions required under the Plan at which time such distributions shall be deemed complete, and the Distribution Agent shall deliver such distributions in accordance with the Plan and the terms of the governing agreement. Except as otherwise provided in the Plan, and notwithstanding any authority to the contrary, distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Distribution Agent: (a) to the signatory set forth on any of the Proofs of Claim filed by such holder or other representative identified therein (or at the last known addresses of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address); (b) at the addresses set forth in any written notices of address changes delivered to the Distribution Agent after the date of any related Proof of Claim; (c) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004 if no Proof of Claim has been filed and the Distribution Agent has not received a written notice of a change of address; (d) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Distribution Agent has not received a written notice of a change of address; or (e) on any counsel that has appeared in the Chapter 11 Cases on the holder's behalf. The Debtors, Reorganized NAPCUS, and the Distribution Agent, as applicable, shall not incur any liability whatsoever on account of any distributions under the Plan.

c. Accrual of Dividends and Other Rights.

For purposes of determining the accrual of dividends or other rights after the Effective Date, Reorganized NAPCUS Convertible Preferred Stock and Reorganized NAPCUS Common Stock, as applicable, shall be deemed distributed as of the Effective Date regardless of the date on which it is actually issued, dated, authenticated, or distributed; provided, however, Reorganized NAPCUS shall not pay any such dividends or distribute such other rights, if any, until after distributions of such Securities actually take place.

d. Compliance Matters.

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

e. Foreign Currency Exchange Rate.

Except as otherwise provided in the Plan or a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate as of the Petition Date as quoted at 4:00 p.m. (EDT), mid-range spot rate of exchange for the applicable currency as published in The Wall Street Journal, National Edition, on the following Business Day.

f. Fractional, Undeliverable, and Unclaimed Distributions.

(i) ***Fractional Distributions.*** Notwithstanding any other provision of the Plan to the contrary, payments of fractions of shares of Reorganized NAPCUS Convertible Preferred Stock or Reorganized NAPCUS Common Stock shall not be made and shall be deemed to be zero, and the Distribution Agent shall not be required to make distributions or payments of fractions of dollars. Whenever any payment of Cash of a fraction of a dollar pursuant to the Plan would otherwise be required, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

(ii) ***Undeliverable Distributions.*** If any distribution to a holder of an Allowed Claim or Interest is returned to a Distribution Agent as undeliverable, no further distributions shall be made to such holder unless and until such Distribution Agent is notified in writing of such holder's then-current address, at which time all currently due missed distributions shall be made to such holder on the next Distribution Date. Undeliverable distributions shall remain in the possession of Reorganized NAPCUS until such time as a distribution becomes deliverable, or such distribution reverts to Reorganized NAPCUS or is cancelled pursuant to Section 6.4(f)(3) of the Plan, and shall not be supplemented with any interest, dividends, or other accruals of any kind.

(iii) ***Reversion.*** Any distribution under the Plan that is an Unclaimed Distribution for a period of six months after distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and such Unclaimed Distribution shall revest in Reorganized NAPCUS and, to the extent such Unclaimed Distribution is Reorganized NAPCUS Convertible Preferred Stock or

Reorganized NAPCUS Common Stock, shall be deemed cancelled. Upon such revesting, the Claim of any holder or its successors with respect to such property shall be cancelled, discharged, and forever barred notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary. The provisions of the Plan regarding undeliverable distributions and Unclaimed Distributions shall apply with equal force to distributions that are issued by the Debtors, Reorganized NAPCUS, or the Distribution Agent made pursuant to any indenture or Certificate, notwithstanding any provision in such Certificate to the contrary and notwithstanding any otherwise applicable federal or state escheat, abandoned, or unclaimed property law.

5. Specific Provisions Regarding Delivery of Reorganized NAPCUS Common Stock

In accordance with the Disclosure Statement Order, holders of Petroflow Interests shall have until fourteen (14) days after the Confirmation Date to surrender their shares of Petroflow Interests through the appropriate Depository, or, in the case of certificated Interests, deliver the Certificates evidencing such Interests to the Distribution Agent, and provide registration details to the Distribution Agent and any holder of Allowed Petroflow Interests who performs these actions and held shares of Petroflow Interests equal to or greater than the Petroflow Interests Threshold Amount shall be eligible to receive their pro rata share of Reorganized NAPCUS Common Stock on the Effective Date, or as soon as practicable thereafter. On the Effective Date, holders of unsurrendered Certificates evidencing Petroflow Interests holdings shall be deemed by the Debtors to have surrendered such Certificates to the Distribution Agent. Any holder of Allowed Petroflow Interests who held shares of Petroflow Interests equal to or greater than the Petroflow Interests Threshold Amount and surrenders such shares and provides registration details to the Distribution Agent after fourteen days after the Confirmation Date but prior to the first anniversary of the Effective Date shall receive its pro rata share of Reorganized NAPCUS Common Stock on the first available Distribution Date after the date on which such holder surrendered its shares of Petroflow Interests and provided its registration details to the Distribution Agent. Determination Date Distributions to holders of Allowed Petroflow Other Interests shall be made pursuant to Section 6.3 of the Plan. All shares withdrawn and Certificates deemed to have been surrendered shall be cancelled solely with respect to the Debtors. No distribution of property pursuant to the Plan shall be made to or on behalf of any holder of Petroflow Interests through a Depository or otherwise unless and until such holder's shares are surrendered. Any holder of Petroflow Interests through a Depository who fails to surrender their shares prior to the first anniversary of the Effective Date shall have its Petroflow Interests discharged with no further action, be forever barred from asserting any such interests against Reorganized NAPCUS or its property, be deemed to have forfeited all rights, and Claims with respect to its Petroflow Interests, and not participate in any distribution under the Plan; furthermore, all property with respect to such forfeited distributions, including any dividends or interest attributable thereto, shall revert to Reorganized NAPCUS, notwithstanding any federal or state escheat, abandoned, or unclaimed property law to the contrary.

6. Claims Paid or Payable by Third Parties

a. Claims Paid by Third Parties.

The Claims and Solicitation Agent shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or Reorganized NAPCUS. To the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or Reorganized NAPCUS on account of such Claim, such holder shall, within two weeks of receipt thereof, repay or return the distribution to Reorganized NAPCUS to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan.

b. Claims Payable by Insurance Carriers.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers'

agreement, such Claim may be expunged to the extent of any agreed upon satisfaction on the Claims Register by the Claims and Solicitation Agent without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

c. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be in accordance with the provisions of an applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

7. Setoffs

Except as otherwise expressly provided for in the Plan, Reorganized NAPCUS pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, may set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any Claims, rights, and Causes of Action of any nature that such Debtor or Reorganized NAPCUS, as applicable, may hold against the holder of such Allowed Claim, to the extent such Claims, rights, or Causes of Action against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by Reorganized NAPCUS of any such Claims, rights, and Causes of Action that Reorganized NAPCUS may possess against such holder. In no event shall any holder of Claims be entitled to set off any Claim against any Claim, right, or Cause of Action of the Debtor or Reorganized NAPCUS, as applicable, unless such holder has filed a Proof of Claim asserting or preserving the right to perform such setoff or has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date.

8. Allocation Between Principal and Accrued Interest

Except as otherwise provided in the Plan, the aggregate consideration paid to holders with respect to their Allowed Claims shall be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any, accrued through the Effective Date.

F. PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS.

1. Prosecution of Objections to Claims and Interests

Except as otherwise specifically provided in the Plan, prior to the Effective Date, the Debtors, and on and after the Effective Date, Reorganized NAPCUS, shall have the authority: (a) to file, withdraw, or litigate to judgment, objections to Claims or Interests; (b) to settle or compromise any Disputed Claim or Interest without any further notice to or action, order, or approval by the Bankruptcy Court; and (c) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

2. Allowance of Claims and Interests

After the Effective Date, Reorganized NAPCUS shall have and retain any and all rights and defenses any Debtor had with respect to any Claim or Interest immediately prior to the Effective Date, including the Causes of Action retained pursuant to Section 4.17 of the Plan, except with respect to any Claim or Interest deemed Allowed under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim or Interest shall become an Allowed Claim or Interest unless and until such Claim or Interest is deemed Allowed or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Cases allowing such Claim or Interest. All settled Claims or Interests approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court, pursuant to Bankruptcy Rule 9019 or otherwise shall be binding on all parties.

3. Estimation of Claims and Interests

Before or after the Effective Date, the Debtors or Reorganized NAPCUS, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim or disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and Reorganized NAPCUS may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

4. Expungement or Adjustment to Paid, Satisfied, or Superseded Claims and Interests

Any Claim or Interest that has been paid, satisfied, or superseded, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by Reorganized NAPCUS without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

5. No Interest

Unless otherwise specifically provided for in the Plan, postpetition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Effective Date to the date a final distribution is made on account of such Disputed Claim, if and when such Disputed Claim becomes an Allowed Claim.

6. Disallowance of Claims or Interests

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT ON OR BEFORE THE LATER OF (A) THE CONFIRMATION HEARING AND (B) 45 DAYS AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM.

All Claims of any Entity from which property is sought by the Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Debtors or Reorganized NAPCUS allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if (a) the Entity, on the one hand, and the Debtors or Reorganized NAPCUS, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turn over any property or monies under any of the aforementioned sections of the Bankruptcy Code and (b) such Entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order.

7. Amendments to Claims

On or after the Effective Date, except as otherwise provided in the Plan, a Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or Reorganized NAPCUS, and, to the extent such prior authorization is not received, any such new or amended Claim filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

8. No Distributions Pending Allowance

If an objection to a Claim or Interest or any portion thereof is filed prior to the Effective Date, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or any portion thereof unless and until such Disputed Claim or Interest becomes an Allowed Claim or Allowed Interests.

9. Distributions After Allowance

To the extent that a Disputed Claim or Interest ultimately becomes an Allowed Claim or Interest, distributions, if any, shall be made to the holder of such Allowed Claim or Interest in accordance with the provisions of the Plan, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

G. EFFECT OF CONFIRMATION OF THE PLAN.

1. Discharge of Claims and Termination of Interests

Effective as of the Effective Date, and except as otherwise provided for in the Plan: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of their assets, property, or Estates; (b) the Plan shall bind all holders of Claims and Interests, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests shall be satisfied, discharged, and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (d) all Entities shall be precluded from asserting against the Debtors, the Debtors' Estates, Reorganized NAPCUS, their successors and assigns, and their assets and properties any other Claims or Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

2. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, Reorganized NAPCUS reserves the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

3. Compromise and Settlement of Claims, Interests, and Controversies

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, on and after the Effective Date, the Debtors and Reorganized NAPCUS, as applicable, may compromise and settle any Claims and Interests against them and Causes of Action against other Entities.

4. Releases by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided for in the Plan, for good and valuable consideration, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, Reorganized NAPCUS, and the Estates from any and all Claims, obligations, rights, and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, and any and all Causes of Action asserted or that could possibly have been asserted on behalf of the Debtors, that the Debtors, Reorganized NAPCUS, or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or Reorganized NAPCUS, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors or Reorganized NAPCUS.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in Section 8.3 of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that such release is: (a) in exchange for the good and valuable consideration provided by the Released Parties; (b) a good faith settlement and compromise of the Claims released by Section 8.3 of the Plan; (c) in the best interests of the Debtors and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Debtors asserting any Claim or Cause of Action released by Section 8.3 of the Plan.

5. Releases by Holders of Claims and Interests

As of the Effective Date, to the fullest extent permitted by law, the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Debtors, Reorganized NAPCUS, the Estates, and the Released Parties from any and all Claims, Interests, obligations, rights, liabilities, actions, causes of action, choses in action, suits, debts, damages, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and crossclaims (including all claims and actions against any Entities under the Bankruptcy Code) whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or Reorganized NAPCUS, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date of the Plan. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to

implement the Plan. For the avoidance of doubt, nothing in this paragraph shall in any way affect the operation of Section 8.1 of the Plan, pursuant to section 1141(d) of the Bankruptcy Code.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in Section 8.5 of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that such release is: (a) in exchange for the good and valuable consideration provided by the Debtors, Reorganized NAPCUS, the Estates, and the Released Parties; (b) a good faith settlement and compromise of the Claims released by Section 8.5 of the Plan; (c) in the best interests of the Debtors and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any Entity granting a release under this Section 8.5 of the Plan from asserting any Claim or Cause of Action released by this Section 8.5 of the Plan.

6. Exculpation

No Exculpated Party shall have or incur, and each Exculpated Party is, pursuant to the Plan, released and exculpated from any Exculpated Claim or any obligation, Cause of Action, or liability for any Exculpated Claim; provided, however, that the foregoing "exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; provided, further, that in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to, or in connection with, the Plan. The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distributions pursuant to the Plan and, therefore, are not and shall not be liable at any time for the violation of any applicable, law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

7. Injunction

Except as otherwise provided in the Plan or for obligations issued pursuant to the Plan, all Entities that have held, hold, or may hold Claims or Interests that have been released pursuant to Section 8.3 or Section 8.5 of the Plan or, discharged pursuant to Section 8.1 of the Plan or are subject to exculpation pursuant to Section 8.6 of the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, Reorganized NAPCUS, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff or subrogation of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has filed a Proof of Claim asserting or preserving the right to perform such setoff or has filed a motion requesting the right to perform such setoff on or before the Confirmation Date; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released, exculpated, or settled pursuant to the Plan.

8. Protection Against Discriminatory Treatment

Consistent with section 525 of the Bankruptcy Code and paragraph 2 of Article VI of the United States Constitution, no Governmental Unit shall discriminate against Reorganized NAPCUS or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, Reorganized NAPCUS, or another Entity with whom Reorganized NAPCUS has been associated, solely because one of the Debtors has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtor is granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

9. Indemnification

Except as otherwise provided in the Plan, all indemnification provisions currently in place (whether in the by-laws, certificates of incorporation, board resolutions, contracts, or otherwise) for the directors, officers, employees, attorneys, other professionals, and agents of the Debtors and such directors' and officers' respective affiliates shall be reinstated (or assumed, as the case may be) and shall survive effectiveness of the Plan.

10. Recoupment

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

11. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates, if any, shall be fully released, and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to Reorganized NAPCUS and its successors and assigns.

12. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the Effective Date, such Claim shall be forever disallowed notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Effective Date (a) such Claim has been adjudicated as noncontingent or (b) the relevant holder of a Claim has filed a noncontingent Proof of Claim on account of such Claim and a Final Order has been entered determining such Claim as no longer contingent.

H. ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS.

1. Professional Fee Escrow Account

On the Effective Date, the Debtors shall fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount for all Professionals. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals with respect to unpaid fees or expense or for whom fees or expenses have been held back pursuant to the Interim Compensation Order. Such funds shall not be property or be deemed property of the Debtors or Reorganized NAPCUS, as applicable. Reorganized NAPCUS shall cause Accrued Professional Compensation to be paid in Cash to such Professionals from the Professional Fee Escrow Account when such Claims are Allowed by a Bankruptcy Court order; provided that the Debtors' or Reorganized NAPCUS's liability for the Accrued Professional Compensation shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. When all Allowed Fee Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, shall be paid to Reorganized NAPCUS.

2. Professional Fee Reserve Amount

On or before the Effective Date, the Professionals shall estimate their Accrued Professional Compensation, including the Completion Fee, prior to and as of the Confirmation Date and shall deliver such estimate to the Debtors. If a Professional does not provide an estimate, Reorganized NAPCUS may estimate the unpaid fees and expenses of such Professional. The total amount so estimated as of the Confirmation Date shall comprise the Professional Fee Reserve Amount; provided, that such estimate shall not be considered an admission or limitation with respect to the fees and expenses of such Professional.

3. Post-Confirmation Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses related to implementation and Consummation of the Plan incurred by the Debtors or Reorganized NAPCUS, as the case may be. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and Reorganized NAPCUS may employ and pay any Professional for services rendered or expenses incurred after the Confirmation Date in the ordinary course of business without any further notice to any party or action, order, or approval of the Bankruptcy Court. Unless otherwise approved by the Bankruptcy Court prior to entry of the Confirmation Order, upon entry of the Confirmation Order, the Completion Fee shall be approved and shall be paid on the Effective Date. Upon entry of the Confirmation Order and occurrence of the Effective Date, the reasonable and documented fees and expenses that Professionals for the Equity Committee incurred prior to, but in contemplation of, the appointment of the Equity Committee shall be paid by Reorganized NAPCUS.

I. CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN.

1. Conditions Precedent to the Effective Date

It shall be a condition to the Effective Date that the following conditions shall have been satisfied or waived pursuant to Section 10.2 of the Plan:

a. the Confirmation Order, which shall provide that, among other things, the Debtors or Reorganized NAPCUS are authorized and directed to take any and all actions necessary or appropriate to consummate the Plan, shall have been entered and such order shall not have been stayed, modified, or vacated on appeal;

b. all documents and agreements necessary to implement the Plan, including the Investment Agreements, shall have (a) all conditions precedent to such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, and (b) been effected or executed; and

c. all actions, documents, Certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with and approved by any applicable Governmental Units in accordance with applicable laws.

2. Waiver of Conditions Precedent

The Debtors may waive any of the conditions to the Effective Date set forth in Article X of the Plan at any time without any notice to other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action other than proceeding to confirm or consummate the Plan.

3. Effect of Non-Occurrence of Conditions to Consummation

If prior to Consummation, the Confirmation Order is vacated pursuant to a Final Order, then except as provided in any order of the Bankruptcy Court vacating the Confirmation Order, the Plan will be null and void in all respects, and nothing contained in the Plan or Disclosure Statement shall (a) constitute a waiver or release of any Claims, Interests, or Causes of Action, (b) prejudice in any manner the rights of any Debtor or any other Entity, or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by any Debtor or any other Entity.

J. MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN.

1. Modification of Plan

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify

the Plan before the entry of the Confirmation Order and (b) after the entry of the Confirmation Order, the Debtors or Reorganized NAPCUS, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

2. Revocation or Withdrawal of Plan

The Debtors reserve the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then: (a) the Plan will be null and void in all respects; (b) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan will be null and void in all respects; and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims, Interests, or Causes of Action, (ii) prejudice in any manner the rights of any Debtor or any other Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by any Debtor or any other Entity.

3. Confirmation of the Plan

The Debtors request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Debtors reserve the right to amend the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

K. RETENTION OF JURISDICTION.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to Executory Contracts or Unexpired Leases, including: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Cure or Claims arising therefrom, including pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) Reorganized NAPCUS's amendment, modification, or supplement, after the Effective Date, pursuant to Article V of the Plan, of the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to distributions under the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. grant any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of all contracts, instruments, releases, indentures, and other agreements or documents approved by Final Order in the Chapter 11 Cases;

13. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

15. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim for amounts not timely repaid pursuant to Section 6.6(a) of the Plan;

16. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

17. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

18. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

19. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

20. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

21. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

22. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

23. hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

24. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted under the Plan;

25. enforce all orders previously entered by the Bankruptcy Court; and

26. hear any other matter not inconsistent with the Bankruptcy Code.

L. MISCELLANEOUS PROVISIONS.

1. Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Reorganized NAPCUS, as applicable, and all holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

2. Payment of Statutory Fees

All fees payable pursuant to 28 U.S.C. § 1930(a), as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code if necessary, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or a Final Decree is issued, whichever occurs first.

3. Dissolution of Creditors' Committee

On the Effective Date, the Creditors' Committee shall dissolve automatically, and its members shall be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the Chapter 11 Cases; provided, the Creditors' Committee shall be deemed to remain in existence solely with respect to applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.

4. Dissolution of Equity Committee

On the Effective Date, the Equity Committee shall dissolve automatically, and its members shall be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the Chapter 11 Cases; provided, the Equity Committee shall be deemed to remain in existence solely with respect to applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.

5. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims or Interests prior to the Effective Date.

6. Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

7. Service of Documents

After the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to Reorganized NAPCUS shall be served on:

Reorganized NAPCUS	Attorneys for Reorganized NAPCUS
NORTH AMERICAN PETROLEUM CORPORATION USA 525 South Main Street, Suite 1120 Tulsa, Oklahoma 74103 Attn.: Louis G. Schott	KIRKLAND & ELLIS LLP 300 North LaSalle Chicago, Illinois 60654 Attn.: David R. Seligman, Ryan Blaine Bennett and Paul Wierbicki KLEHR HARRISON HARVEY BRANZBURG LLP 919 Market Street, Suite 1000 Wilmington, Delaware 19801-3062 Attn.: Domenic E. Pacitti

After the Effective Date, the Debtors may notify Entities that, in order to continue receiving documents pursuant to Bankruptcy Rule 2002, such Entities must file with the Bankruptcy Court a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, Reorganzied NAPCUS is authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have filed such renewed requests.

8. Term of Injunctions or Stays

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

9. Entire Agreement

Except as otherwise indicated, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

10. Conflicts

Except as set forth in the Plan, to the extent any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, appendices, supplements or amendments to any of the foregoing), conflict with or are inconsistent with any provision of the Plan, the Plan shall govern and control.

11. Plan Supplement Exhibits

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are filed, copies of such exhibits and documents shall be made available to the Creditors' Committee and Equity Committee and upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from http://dm.epiq11.com/NAP/Project/default.aspx or the Bankruptcy Court's website at www.deb.uscourts.gov. Unless otherwise ordered by the Bankruptcy Court, to the extent any exhibit or document in the Plan Supplement is inconsistent with the terms of any part of the Plan that does not constitute the Plan Supplement, such part of the Plan that does not constitute the Plan Supplement shall control.

12. Non-Severability

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to

make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (c) nonseverable and mutually dependent.

ARTICLE V

SOLICITATION AND VOTING PROCEDURES

The following summarizes briefly the procedures to accept or reject the Plan. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys.

A. THE SOLICITATION PACKAGE.

The following materials constitute the Solicitation Package:

- either (i) the Disclosure Statement Order (without its exhibits other than the Solicitation Procedures, which shall be attached as Exhibit 1 thereto) and the approved form of this Disclosure Statement (together with the Plan) in paper format with an appropriate form of Ballot and voting instructions with respect thereto, if applicable (with a pre-addressed, postage prepaid return envelope), for Holders of Claims who are entitled to vote on the Plan; or (ii) a notice of non-voting status;

- to the extent a Holder of any Claim receives the materials set forth in clause (i) of the immediately prior paragraph, such Holder also shall receive a letter from the Debtors urging the Holders of each Class entitled to vote on the Plan to vote to accept the Plan and, if applicable, a letter in form and substance, acceptable to the Debtors in their discretion, from the Debtors' other significant constituents urging the Holders in each class entitled to vote on the Plan to vote to accept the Plan;

- the notice of the Confirmation Hearing; and

- such other materials as the Bankruptcy Court may direct.

The voting Classes, Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims, entitled to vote to accept or reject the Plan shall be served by electronic mail or with paper copies of this Disclosure Statement with all exhibits, including the Plan. **Any party who desires additional paper copies of these documents may request copies from the Claims and Solicitation Agent by writing to NAPCUS Ballot Processing, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014, or calling (646) 282-2400.** All parties entitled to vote to accept or reject the Plan shall receive by electronic mail, or a paper copy of, each appropriate Ballot.

In addition, as part of the Solicitation Package, Holders of Class 4 NAPCUS General Unsecured Claims will have the option of electing to have their Allowed Class 4 Claims paid in full in Cash in lieu or receiving a distribution of NAPCUS Series B Convertible Preferred Stock. Holders of Allowed Class 4 Claims in excess of $460,000 that elect the cash option will receive their respective pro rata share of $460,000 in Cash based on the pool of Allowed Class 4 Claims of holders electing to receive Cash, plus shares of Reorganized NAPCUS Series B Convertible Preferred Stock of a value in aggregate equal to that portion of such holder's Allowed Class 4 Claim not paid in Cash.

The Plan Supplement will be Filed no later than ten (10) days prior to the Voting Deadline or such other date as may be approved by the Bankruptcy Court. The Plan Supplement will include the following: (a) to the

extent known, the identity of the members of the Reorganized NAPCUS Board and the nature and compensation for any member of the Reorganized NAPCUS Board who is an "insider" under section 101(31) of the Bankruptcy Code; (b) a list of Executory Contracts and Unexpired Leases to be rejected; (c) a schedule of Causes of Action to be retained by Reorganized NAPCUS; (d) a list of Executory Contracts and Unexpired Leases to be assumed (and the proposed cure amounts); and (e) the form of Reorganized NAPCUS Bylaws and Reorganized NAPCUS Charter. The Debtors may subsequently amend, supplement, modify or add additional items to the Plan Supplement, which will also be Filed.

B. VOTING DEADLINE.

The period during which Ballots with respect to the Plan will be accepted by the Debtors will terminate at 5:00 p.m. (prevailing Eastern Time) on September 2, 2011, unless the Debtors, in their sole discretion, extend the date until which Ballots will be accepted. Except to the extent the Debtors so determine or as permitted by the Bankruptcy Court, Ballots that are received after the Voting Deadline will not be counted or otherwise used by the Debtor in connection with the Debtors' request for Confirmation of the Plan (or any permitted modification thereof).

The Debtors reserve the absolute right at any time or from time to time, to extend the period of time (on a daily basis, if necessary) during which Ballots will be accepted for any reason, including determining whether or not the requisite number of acceptances have been received, by making a public announcement of such extension no later than the first Business Day next succeeding the previously announced Voting Deadline. The Debtors will give notice of any such extension in a manner deemed reasonable to the Debtors in its discretion. There can be no assurance that the Debtors will exercise its right to extend the Voting Deadline.

C. VOTING INSTRUCTIONS.

Only the Holders of Allowed Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims are entitled to vote to accept or reject the Plan, and they may do so by completing the appropriate Ballots and returning them by facsimile, electronic mail, or in the envelope provided. The Ballots will clearly indicate the appropriate return address. It is important to follow the specific instructions provided on each Ballot. Ballots should be sent to the Claims and Solicitation Agent on or before the Voting Deadline as indicated in the chart below.

The Debtors are providing the Solicitation Package to Holders of Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims whose names appear as of the Voting Record Date in the records maintained by the Debtors.

The Debtors, have engaged Epiq as the Claims and Solicitation Agent to assist in the balloting and tabulation process. The Claims and Solicitation Agent will process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan and will File the Voting Report as soon as practicable after the Petition Date.

The deadline by which the Claims and Solicitation Agent must receive your Ballot is 5:00 p.m. (prevailing Eastern Time) on September 2, 2011.

BALLOTS

1. Ballots must be actually received by the Claims and Solicitation Agent by the Voting Deadline.

2. Please also send your original, completed Ballot in the return envelope provided via overnight delivery.

3. Ballots to be returned directly to the Claims and Solicitation Agent may also be sent by First Class Mail, Overnight Courier or Personal Delivery to:

If by First Class Mail

NAPCUS Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC,
FDR Station, P.O. Box 5014
New York, New York 10150-5014

If by Overnight Mail or Hand Delivery

NAPCUS Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC,
757 Third Avenue, 3rd Floor
New York, New York 10017

If you have any questions on the procedures for voting on the Plan, please call the Claims and Solicitation Agent at the following telephone number:

(646) 282-2400

Any Ballot that is properly executed, but which does not clearly indicate an acceptance or rejection of the Plan or which indicates both an acceptance and a rejection of the Plan, shall not be counted.

All Ballots are accompanied by return envelopes. It is important to follow the specific instructions provided on each Ballot.

1. Note to Holders of Claims in Voting Classes.

a. Certification.

By signing and returning a Ballot, each Holder of a Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims will be certifying to the Bankruptcy Court and the Debtors that, among other things:

- the Holder has received and reviewed a copy of the Disclosure Statement and Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;

- (i) to the best of the Holder's knowledge, the Debtors have made available to such Holder or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Holder and (ii) except for information provided by the Debtors in the Disclosure Statement and the Plan, such Holder has not relied on any statements made or other information received from any person with respect to the Plan; and (iii) its acknowledgment that the Reorganized NAPCUS Common Stock and the Reorganized

NAPCUS Convertible Preferred Stock being offered pursuant to the Plan is not being offered pursuant to a registration statement filed with the SEC and representing that any such securities will be acquired for its own account and not with a view to any distribution of such securities in violation of the Securities Act;

- the Holder has cast the same vote with respect to all Claims in its respective Class; and
- no other Ballots with respect to the same Claim have been cast, or, if any other Ballots have been cast with respect to such Claim, then any such Ballots are thereby revoked.

Holders of Claims for which an objection is pending on or after the Voting Record Date are not entitled to vote on the Plan. Pursuant to the Disclosure Statement Order, the Debtor will send notice to relevant Holders that their Claims are subject to pending objection. Any Holders of a Claim for which an objection is pending on or after the Voting Record Date cannot vote any disputed portion of such Claim unless one or more of the following Resolution Events have taken place prior to the Voting Deadline:

- an order of the Bankruptcy Court is entered allowing such Claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing;
- a motion Filed with the Bankruptcy Court requesting that such Claim be temporarily allowed for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing;
- a stipulation or other agreement is executed between the Holder of such Claim and the Debtors resolving the objection and allowing such Claim in an agreed upon amount;
- a stipulation or other agreement is executed between the Holder of such Claim and the Debtors temporarily allowing the Holder of such Claim to vote its Claim in an agreed upon amount; or
- the pending objection to such Claim is voluntarily withdrawn by the Debtors.

D. VOTING TABULATION.

The Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim or Interest. Only Holders of Claims and Interests in the voting Class shall be entitled to vote with regard to such Claims.

Unless the Debtors decide otherwise, Ballots received after the Voting Deadline may not be counted. Except as otherwise provided in the Solicitation Procedures, a Ballot will be deemed delivered only when the Claims and Solicitation Agent actually receives the original executed Ballot actually receives the executed Ballot by facsimile or electronic mail as instructed in the Voting Instructions. No Ballot should be sent to the Debtors, the Debtors' agents (other than the Claims and Solicitation Agent) or the Debtors' financial or legal advisors. The Debtors expressly reserve the right to amend from time to time the terms of the Plan (subject to compliance with the requirements of section 1127 of the Bankruptcy Code and the terms of the Plan regarding modifications). The Bankruptcy Code may require the Debtors to disseminate additional solicitation materials if the Debtors make material changes to the terms of the Plan or if the Debtors waive a material condition to Plan Confirmation. In that event, the solicitation will be extended to the extent directed by the Bankruptcy Court.

In the event a designation of lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected.

The Debtors will File with the Bankruptcy Court as soon as practicable after the Petition Date, the Voting Report prepared by the Claims and Solicitation Agent. The Voting Report shall, among other things, delineate every Ballot that does not conform to the Voting Instructions or that contains any form of irregularity including, but not limited to, those Ballots that are late or (in whole or in material part) illegible, unidentifiable, lacking signatures or lacking necessary information, or damaged. The Claims and Solicitation Agent will attempt to reconcile the amount

of any Claim reported on a Ballot with the Debtors' records, but in the event such amount cannot be timely reconciled without undue effort on the part of the Claims and Solicitation Agent, the amount shown in the Debtors' records shall govern. The Voting Report also shall indicate the Debtors' intentions with regard to such irregular Ballots. Neither the Debtors nor any other Person or Entity will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification.

ARTICLE VI

CONFIRMATION PROCEDURES

A. THE CONFIRMATION HEARING.

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold the Confirmation Hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan. The Debtors have sought an order of the Bankruptcy Court scheduling a hearing to consider Confirmation of the Plan. Notice of the Confirmation Hearing will be provided in the manner prescribed by the Bankruptcy Court, and will also be available at Debtors' Claims and Solicitation Agent's website, dm.epiq11.com/NAPCUS. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN.

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

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable; or (2) subject to the approval of the Bankruptcy Court as reasonable if it is to be fixed after the Confirmation of the Plan.
- Either each Holder of an Impaired Claim or Interest has accepted the Plan, or will receive or retain under the Plan on account of that Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that the Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Each Class of Claims and Interests that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Priority Tax Claims will be paid in full on the Effective Date, or as soon as reasonably practicable thereafter.
- At least one Class of Impaired Claims and Interests will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim or Interest of that Class.

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

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

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

1. Best Interests of Creditors Test

a. Best Interests Test.

Under the Bankruptcy Code, Confirmation of a plan also requires a finding that the plan is in the "best interests" of creditors. Under the "best interests" test, the Bankruptcy Court must find (subject to certain exceptions) that the Plan provides, with respect to each Impaired Class, that each Holder of an Allowed Claim or Interest in such Impaired Class has accepted the Plan, or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The analysis under the "best interests" test requires that the Bankruptcy Court determine what Holders of Allowed Claims and Interests in each Impaired Class would receive if the Chapter 11 Cases were converted to liquidation cases under chapter 7 of the Bankruptcy Code, and the Bankruptcy Court appointed a chapter 7 trustee to liquidate all of the assets into Cash. The Debtors' "liquidation value" would consist primarily of unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to chapter 7 cases, and the proceeds resulting from the chapter 7 trustee's sale of the Debtors' remaining unencumbered assets. The gross Cash available for distribution would be reduced by the costs and expenses incurred in effectuating the chapter 7 liquidation and any additional Administrative Claims incurred during the chapter 7 cases.

The Bankruptcy Court then must compare the value of the distributions from the proceeds of the hypothetical chapter 7 liquidation of the Debtors (after subtracting the chapter 7-specific claims and administrative costs) with the value to be distributed to the Holders of Allowed Claims and Interests under the Plan. It is possible that in a chapter 7 liquidation, Claims and Interests may not be classified in the same manner as set forth in the Plan. In a hypothetical chapter 7 liquidation of the Debtors' assets, the rule of absolute priority of distribution would apply, i.e., no junior creditor would receive any distribution until payment in full of all senior creditors, and no Holder of an Interest would receive any distribution until all creditors have been paid in full. Further, in chapter 7 cases, creditors and interest holders of a debtor are paid from available assets generally in the following order: (a) Holders of Secured Claims (to the extent of the value of their collateral); (b) Holder of priority Claims; (c) Holders of unsecured Claims; (d) Holders of Claims expressly subordinated by its terms or Bankruptcy Court order; and (e) Holders of Interests.

Of the foregoing groups of Claims, the Other Priority Claims, Secured Claims, Administrative Claims, and Petroflow Equity Convenience Class Interests are either unclassified or "Unimpaired" under the Plan, meaning that the Plan generally leaves their legal, equitable and contractual rights unaltered. As a result, Holders of such Claims and Interests are deemed to accept the Plan. Moreover, Petroflow Interests are "Impaired" and deemed to reject the Plan. Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims are "Impaired" under the Plan and are entitled to vote on the Plan. Because the Bankruptcy Code requires that impaired creditors either accept the Plan or receive at least as much under the Plan as they would in a hypothetical chapter 7 liquidation, the operative "best interests" inquiry in the context of the Plan is whether in a chapter 7 liquidation, after accounting for recoveries by Secured, Administrative and Priority creditors, the impaired creditors and interest holders will receive more or less than under the Plan. If the probable distribution to impaired creditors and interest holders under a hypothetical chapter 7 liquidation is greater than the distributions to be received by such Holders under the Plan, then the Plan is not in the best interests of impaired creditors and interest holders.

The Plan provides for Class 4 NAPCUS General Unsecured Claims to receive either 100% of the face value of their allowed claims in cash, or preferred stock in Reorganized NAPCUS. The Plan also provides for Class 3 Petroflow General Unsecured Claims to receive preferred stock in Reorganized NAPCUS. Class 5A Petroflow Emergence Interests and, potentially (to be determined on the Determination Date), Class 5B Petroflow Other Interests will receive common shares in Reorganized NAPCUS. The Debtors also have the election to pay Cash to Holders of Class 5B Petroflow Other Interests to ensure that Reorganized NAPCUS does not become subject to U.S. or Canadian securities regulation reporting obligations.

***As described in more detail in the liquidation analysis set forth in Exhibit D hereto (the "Liquidation Analysis"), the Debtors believe that the value of distributions under the Plan is not less than the value of any distributions in a chapter 7 case*. In particular, proceeds received in a chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale of assets, and the fees and expenses of a chapter 7 trustee and other liquidation costs would likely further reduce Cash available for distribution. Moreover, while Class 4 NAPCUS and Class 3 Petroflow General Unsecured creditors may, as set forth in the Liquidation Analysis, receive 100% recovery on their Claims, any such recovery is subject to substantial uncertainty. Any chapter 7 liquidation inevitably would cause delay of distributions to creditors and discounts on assets than under the Debtors' stand-alone Plan. This reflects the inherent uncertainty in valuing the Debtors' assets for Liquidation Analysis purposes.**

In part, the value created through the Debtors' stand-alone plan is a function of management's expertise in developing the oil and gas properties in which the Debtors hold interests and will be realized over time. At emergence, the value of the shares of Reorganized NAPCUS issued pursuant to the Plan are estimated to have a value of between $0.34 and $0.36 per share. The range of values of the share price reflects dilution of initially distributed Reorganized NAPCUS Common Stock assuming eventual conversion of the Reorganized NAPCUS Convertible Preferred Shares and issuance of Reorganized NAPCUS Common Stock pursuant to the Management Equity Plan. A table describing the date used in calculating the share price range can be found in Article VII.A.6, below.

As set forth in the Liquidation Analysis, the Reorganized NAPCUS Common Stock has an estimated value of $0.05 in a low recovery liquidation scenario and an estimated value of $0.07 in a high recovery liquidation scenario. Accordingly, recoveries under the Plan to Petroflow Interest Holders are projected to exceed any chapter 7 recovery they could obtain.

Further, the Debtors believe that continued implementation of their business plan will increase share value post-emergence. Consequently, the Debtors believe that the Plan offers full value to investors and creditors that cannot be achieved in a chapter 7 liquidation.

2. Feasibility.

Section 1129(a)(11) of the Bankruptcy Code requires the Bankruptcy Court to find, as a condition to Confirmation, that Confirmation is not likely to be followed by the debtor's liquidation or the need for further financial reorganization, unless that liquidation or reorganization is contemplated by the Plan. Prior to commencement of Solicitation, the Debtors consummated the Global Settlement with Equal Energy and the Prepetition Lenders, pursuant to which the Debtors' transferred certain core Oklahoma-based assets to Equal in return for certain consideration, which was used to satisfy and discharge all of the Debtors' obligations under the Prepetition Credit Facility. In addition, the Debtors will receive, on or around the Effective Date, approximately $3.0 million in new capital from the Investors pursuant to the Investment Agreement. In return, the Debtors will issue to the Investors the Reorganized NAPCUS Series A Convertible Preferred Stock. The Plan also contemplates that Holders of Class 3 Petroflow General Unsecured Claims will receive their Pro Rata share of the Reorganized NAPCUS Series C Convertible Preferred Stock , while Holders of Class 4 NAPCUS General Unsecured Claims will receive their Pro Rata share of the Reorganized NAPCUS Series B Convertible Preferred Stock. Finally, existing Petroflow Interests will be cancelled and former Petroflow shareholders will receive one share of Reorganized NAPCUS Common Stock for every share of Petroflow's cancelled equity that such shareholders held. Therefore, and as illustrated in the financial projections attached hereto as Exhibit E, sufficient funds will exist to make all payments required by the Plan. The Debtors' overall enterprise value will accrue directly to stakeholders of Reorganized

NAPCUS. For these reasons, the Debtors believe that the Plan satisfies the financial feasibility requirements of section 1129(a)(11).

3. Acceptance by Impaired Classes.

The Bankruptcy Code requires, as a condition to Confirmation, that except as described in the following section, each Class of Claims and Interests that is impaired under the Plan accept the Plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such Class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or Interest entitles the Holder of that claim or Interest; (b) cures any default and reinstates the original terms of the obligation; or (c) provides that, on the consummation date, the Holder of the claim or Interest receives cash equal to the allowed amount of that claim or, with respect to any interest, any fixed liquidation preference to which the Interest Holder is entitled or any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by Holders of at least two thirds in dollar amount and more than one half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a class of Interests has accepted the plan if Holders of such Interests holding at least two thirds in amount actually voting have voted to accept the plan.

The Claims in Class 1 and Class 2 are not Impaired under the Plan, and as a result the Holders of such Claims are deemed to have accepted the Plan.

The Interests in Class 5A and Class 5B are Impaired under the Plan and are deemed to have rejected the Plan. As a result, Holders of such Interests will not be entitled to vote on the Plan.

Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims are Impaired under the Plan. The voting Classes will have accepted the Plan if the Plan is accepted by at least two thirds in amount and a majority in number of the Claims and Interests of such Classes (other than any Claims of Creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

4. Confirmation Without Acceptance by All Impaired Classes.

Section 1129(b) of the Bankruptcy Code allows a Bankruptcy Court to confirm a plan, even if all Impaired Classes entitled to vote on the plan have not accepted it, provided that the plan has been accepted by at least one Impaired Class.

Section 1129(b) of the Bankruptcy Code states that, notwithstanding an impaired class's failure to accept a plan, the plan shall be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims and Interests that is impaired under, and has not accepted, the plan.

In general, a plan does not discriminate unfairly if it treats a class substantially equivalent to the treatment of other classes of equal rank. Courts will take into account a number of factors in determining whether a plan discriminates unfairly, including whether the discrimination has a reasonable basis, whether the debtor can carry out a plan without such discrimination, whether such discrimination is proposed in good faith, and the treatment of the class discriminated against. Courts have also held that it is appropriate to classify unsecured creditors separately if the differences in classification are in the best interest of the creditors, foster reorganization efforts, do not violate the absolute priority rule, and do not needlessly increase the number of classes.

The condition that a plan be "fair and equitable" to a non-accepting Class of Secured Claims includes the requirements that: (a) the Holders of such Secured Claims retain the liens securing such Claims to the extent of the Allowed amount of the Claims, whether the property subject to the liens is retained by the debtors or transferred to another entity under the plan; and (b) each Holder of a Secured Claim in the Class receives deferred Cash payments

totaling at least the Allowed amount of such Claim with a present value, as of the Effective Date of the Plan, at least equivalent to the value of the Secured Claimant's interest in the Debtor's property subject to the liens.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of unsecured Claims includes the requirement that either: (a) the plan provides that each Holder of a Claim of such Class receive or retain on account of such Claim property of a value, as of the Effective Date of the plan, equal to the allowed amount of such Claim; or (b) the Holder of any Claim or Interest that is junior to the Claims of such Class will not receive or retain under the plan on account of such junior Claim or Interest any property.

The condition that a plan be "fair and equitable" to a non accepting Class of Interests includes the requirements that either: (a) the plan provides that each Holder of an Interest in that Class receives or retains under the plan, on account of that Interest, property of a value, as of the Effective Date of the plan, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which such Holder is entitled, (ii) any fixed redemption price to which such Holder is entitled or (iii) the value of such interest; or (b) if the Class does not receive such an amount as required under (a), no Class of Interests junior to the non-accepting Class may receive a distribution under the plan.

The Plan provides that if any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cram down" provisions of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right, subject to the terms of the Plan, to alter, amend, modify, revoke or withdraw the Plan or any exhibit or schedule to the Plan, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

The Debtors submit that if the Debtors "cram down" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement.

C. RISK FACTORS.

Prior to deciding whether and how to vote on the Plan, each Holder of a Claim in a Voting Class should consider carefully all of the information in this Disclosure Statement, and should particularly consider the Risk Factors described in Article IX, entitled "Plan Related Risk Factors And Alternatives To Confirming And Consummating The Plan."

D. IDENTITY OF PERSONS TO CONTACT FOR MORE INFORMATION.

Any interested party desiring further information about the Plan should contact: Counsel for the Debtors: David R. Seligman, Ryan B. Bennett and Paul Wierbicki, Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654 or by phone at (312) 862-2000.

E. DISCLAIMER.

In formulating the Plan, the Debtors have relied on financial data derived from their books and records. The Debtors, therefore, represents that everything stated in this Disclosure Statement is true to the best of their knowledge. The Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Moreover, the Bankruptcy Court has not yet determined whether the Plan is confirmable and, therefore, does not recommend whether you should accept or reject the Plan.

The discussion in this Disclosure Statement regarding the Debtors may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "expect," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analyses, distribution

projections and other information are estimates only, and the timing and amount of actual distributions to creditors may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

Nothing contained in this Disclosure Statement is, or shall be deemed to be, an admission or statement against interest by the Debtors for purposes of any pending or future litigation matter or proceeding.

Although the attorneys, accountants, advisors and other professionals employed by the Debtors have assisted in preparing this Disclosure Statement based upon factual information and assumptions respecting financial, business and accounting data found in the books and records of the Debtors, they have not independently verified such information and make no representations as to the accuracy thereof. The attorneys, accountants, advisors and other professionals employed by the Debtors shall have no liability for the information in this Disclosure Statement.

The Debtors and their professionals also have made a diligent effort to identify in this Disclosure Statement pending litigation Claims and projected objections to Claims. However, no reliance should be placed on the fact that a particular litigation Claim or projected objection to Claim is, or is not, identified in this Disclosure Statement.

ARTICLE VII

VALUATION ANALYSIS AND FINANCIAL PROJECTIONS

A. VALUATION ANALYSIS.

1. Overview.

Subsequent to closing of the Global Settlement and transfer of the Debtors' core Oklahoma assets to Equal Energy, the Debtors will retain, subsequent to the Effective Date, as their principal operating assets, certain uphole "Shallow Rights" (defined as all right, title, and interest in the oil, gas and other minerals from the surface of the earth to the stratigraphic equivalent of the base of the Mississippi common source of supply, located in Oklahoma) with respect to the wells transferred to Equal Energy. The Debtors intend to develop these assets post-emergence and, pursuant to a new joint operating agreement with Equal Energy, will be the operator of the wells.

In contemplation of settlement of the adversary proceedings and formulation of a restructuring plan, in March 2011, the Debtors retained Forrest A. Garb & Associates, Inc. ("Forrest Garb"), a geological and petroleum engineering consulting firm, to provide an analysis of the Debtors' oil and natural gas reserves (the "Forrest Garb Report"), which forms the basis of the Debtors' financial projections and valuation analysis.

The valuation methodology utilized by Forrest Garb, and described below, is a standard valuation methodology used in the oil and gas industry.

2. Forrest Garb Methodology.

Forrest Garb undertook and completed a reserves, net present value, and fair market valuation analysis of the Debtors' interests in the land retained by the Debtors as a result of the Equal settlement. The initial geological work to evaluate the potential reserves in the subject lands was performed by petroleum consultants at Pathfinder Exploration LLC at the Debtors' instruction. Forrest Garb reviewed and refined these findings in order to derive the expected production volumes, decline curves, and estimated ultimate recoveries ("EURs") for each of 55 wells to be drilled in the Central Dolomite and K-9 fields of western and central Oklahoma. These reserves, classified as 'Probable' by Forrest Garb, are to be developed using a combination of horizontal and vertical wells, as appropriate for the fields and formations being evaluated.

Using the geological and engineering survey data from each field in conjunction with information from completed wells in nearby areas, Forrest Garb derived estimates of the monthly production volumes of oil, natural gas and, in some cases, natural gas liquids, for each of the 55 'Probable' locations. The Debtors' share of these gross production volumes vary by location, depending upon the other participants in a given parcel. Per the terms of the

settlement agreement with Equal, the Debtors are entitled to a 50% share of Equal's original working interest in each well, which typically results in an effective net working interest of between 36% and 45%, before deducting for royalties due to the lessors/land owners. Forrest Garb relied on the Debtors' calculation of working interest at each location and did not independently verify or confirm those interests.

The revenues associated with these production volumes were calculated based upon the prevailing NYMEX five-year strip price deck, with adjustments made for regional differences in quality and pricing. From Reorganized NAPCUS' share of the estimated gross revenues, Forrest Garb deducted severance taxes, ad valorem taxes, direct operating costs, and future capital expenditures (estimates of which were provided to Forrest Garb by the Debtors) to generate estimated future net revenue of $124.0 million. The resulting net revenues were then discounted at 10% per year to arrive at a net present value ("PV10") of $66.1 million for the future net revenues, which were then risk-adjusted down to an estimated fair market value of $10.597 million for the 'Probable' producing assets, using a proprietary valuation methodology.

The table below summarizes the key components of the valuation prepared by Forrest Garb, but does not represent a comprehensive list of all relevant factors or considerations taken into account in the Forrest Garb Report:

Estimated Net Reserves - Probable				Estimated Future Net Revenue		Fair Market
Oil (mbbl)	NGL (mbbl)	Gas (mmcf)	EUR (mboe)	Undiscounted ($000s)	PV10 ($000s)	Value ($000s)
1,530	260	10,227	3,494	$ 123,968	$ 66,080	$ 10,597

Using the results of the report prepared by Forrest Garb, as well as certain assumptions regarding the Debtors' operations, the Debtors have prepared the financial projections attached to this Disclosure Statement and valuation of the Debtors' assets.

3. Operational Assumptions.

The reorganized Debtors intend to emerge from Chapter 11 with a substantially reduced scale of operations, no debt, and adequate capital to begin a carefully considered drilling program. By preserving the existing management team, the Debtors will be able to leverage the critical expertise that has been gained through over thirty years of drilling experience in Oklahoma, particularly in the relatively new field of horizontal drilling.

a. Development of Reserves.

The Debtors' business plan centers around the strategic development of its reserves by developing up to 55 wells in multiple proven oil and gas bearing zones over the next three to five years. All 55 identified drilling locations are lower risk as they are located in oil and gas fields, but have not yet been produced. Management believes that substantial value can be realized in a short amount of time with a lower risk profile, and that reserves will be enhanced through new drilling and development techniques. Through simultaneous development of the multiple formations (versus a focus on a single formation) Reorganized NAPCUS will be able to quickly convert its undrilled acreage to proved reserves leading to an acceleration of both value creation and cash flow generation and reduce its risk through operational diversification. Reorganized NAPCUS intends to fund development with capital from the initial equity raise, internally generated cash flow, and with senior debt supported by its Proved - Producing reserves.

Reorganized NAPCUS will be the operator of all of its projected wells located on approximately 10,396 net acres spread out over four counties in central Oklahoma. This acreage position is held by production and is therefore not subject to lease expirations. This allows Petroflow to drill in its geologically preferred areas and not allow lease expirations to determine the timing and location of drilling; this translates to a quicker time to market.

b. Drilling Program.

The drilling program underlying the business plan focuses on the strategic development of the existing acreage, taking into consideration capital investment requirements, well recovery potential, salt water disposal requirements, available infrastructure and geographic location. In general, the drilling program utilizes one drilling rig at a time, although different rigs would be used in different locations. In order to be able to diversify some measure of risk, as well as to be able to incorporate information gained from previously completed wells, the drilling program attempts to develop two or more areas in parallel. By shifting between developing different geologic formations from one well to the next, Reorganized NAPCUS will typically be able to gauge the cost effectiveness and output of a well for 60 to 90 days before drilling another well in the same geologic formations. As better information on the various regions is compiled, it is likely that the drilling program will be amended to pursue higher value plays sooner, thereby maximizing cash flow, value and borrowing capacity.

4. Potential Capital Raising.

After the Effective Date, Reorganized NAPCUS may determine to seek to raise new capital or seek additional investment or other financing to assure that it is able to effectively implement its business plan and facilitate its drilling program. Any funds raised post-emergence will provide Reorganized NAPCUS with additional liquidity to satisfy working capital requirements, necessary capital expenditures and other operational expenses, all of which will enable Reorganized NAPCUS to maximize the value of its assets.

5. Valuation of Reorganized NAPCUS.

Upon the Effective Date, for purposes of distributions to Holders of Claims and Interests Reorganized NAPCUS is projected to have a market value at approximately $19.1 million, allocated among the various asset classes as follows:

Asset Class	Book Value	Market Value (est.)
Cash	$ 8,483	$ 8,483
Drillable Acreage	10,597	10,597
Producing Well	-	-
Other Investments	365	-
Total	$ 19,445	$ 19,080

Reorganized NAPCUS' cash balance reflected above, ***prior to distributions made to creditors and stakeholders under the Plan***, will be dependent upon operating and market conditions through the Effective Date, the success of capital raising efforts, and the rates at which unsecured creditors elect to convert their claims to equity. Such numbers will not be known with certainty until after the Plan has been voted upon and confirmed. The value of the Debtors' interest in the drillable acreage is shown in the balance sheet set forth in the Plan at the market value assigned to the underlying probable reserves in the Forrest Garb Report.

Reorganized NAPCUS also retains an interest in 3,296 net acres (including one well on 608 producing acres, and one saltwater disposal well) in the Okemah region of central Oklahoma. This asset has been fully depreciated and, at current market prices, generates zero – or negative – operating cash flow. Reorganized NAPCUS is exploring the option of selling the asset, but has been unable to obtain a firm offer as of the time of this filing.

In an effort to secure additional drilling rights in the area of its planned development, the Debtors were recently the winning bidder in an auction for a land section (640 acres) in Lincoln County. The Debtors paid – or will pay – $115,000 for the rights to drill this acreage. As of now, no production value or reserves have been assigned to this acreage; it appears on the balance sheet as a component of the 'Other Investments' line item. For purposes of this valuation analysis, no value has been assigned to this interest.

The Debtors own 50 units (approximately 2.1%) of the J&S Program 2006 LP, an oil and gas play in Louisiana, for which it paid $10,000 per unit in 2006. There is currently no active market for trading these shares,

which are carried on the balance sheet under 'Other Investments' at a value of $250,000. Although illiquid, it is possible these shares could generate some value in a sale, as they have produced approximately $12,000 of cash distributions over the last six months. For purposes of the valuation analysis, no value has been assigned to this interest.

6. Allocation of Value to Shares Distributed on Effective Date.

On or as soon as reasonably practicable after the Effective Date, Reorganized NAPCUS will distribute: (a) $3.0 million in Reorganized NAPCUS Series A Convertible Preferred Stock to the Investors in exchange for the Investors' $3.0 million Investment Commitment; (b) the Reorganized NAPCUS Series B Convertible Preferred Stock and the Reorganized NAPCUS Series C Convertible Preferred Stock to the NAPCUS and Petroflow General Unsecured Creditors, respectively; and (c) Reorganized NAPCUS Common Stock to Class 5A Holders. In addition, on the Determination Date, Class 5B Holders also may receive common shares. The total number of Reorganized NAPCUS Series B Convertible Preferred Stock and Reorganized NAPCUS Series C Convertible Preferred Stock to be distributed will be dependent upon the total number of Allowed General Unsecured Claims against, respectively, NAPCUS and Petroflow, as well as upon whether Holders of Class 4 NAPCUS General Unsecured Claims elect to receive Cash in exchange for their Allowed Claims.

Reorganized NAPCUS Convertible Preferred Stock and Reorganized NAPCUS Common Stock each are estimated to initially have an implied share price of $0.36 per share (after taking into account distributions to creditors made under the Plan). Subsequent to conversion of the Reorganized NAPCUS Convertible Preferred Shares and issuance of additional Reorganized NAPCUS Common Stock at emergence under the Management Equity Plan, the post-dilution value of each share of Reorganized NAPCUS Convertible Preferred Stock is estimated to be $0.34, as reflected in the table below.

	Value	**Pre-Conversion & Management Equity**		**Post-Conversion & Management Equity**	
	$	*% of Total Equity Value*	*Shares Owned*	*% of Total Equity Value*	*Shares Owned*
New Equity Investors (Preferred A)	$3,000	19.34%	8,238	21.04%	9,694
Unsecured Creditors (Preferred B & C)	1,748	11.27%	4,800	11.03%	5,083
Management Emergence Equity	600	0.00%	—	3.79%	1,745
Petroflow Interests holders (New Common)	10,161	69.39%	29,549	64.14%	29,549
	$15,509	**100.00%**	**42,587**	**100.00%**	**46,071**
Total Projected Equity Value at Emergence	$15,509		$15,509		$15,509
Implied Price Per Share			**$0.36**		**$0.34**

B. DESCRIPTION REGARDING THE FINANCIAL PROJECTIONS.

As a condition to plan confirmation, the Bankruptcy Code requires, among other things, the Bankruptcy Court to find that Confirmation is not likely to be followed by either a liquidation or the need to further reorganize the debtor. In connection with developing the Plan, and for purposes of determining whether the Plan satisfies feasibility standards, the Debtors' management has, through the development of certain financial projections as attached hereto as **Exhibit E** (the "Projections"), analyzed Reorganized NAPCUS' ability to meet its obligations under the Plan and to maintain sufficient liquidity and capital resources to conduct its businesses. The Projections will also assist each Holder of Claim in a Voting Class in determining whether to accept or reject the Plan.

The Debtors believe the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of Reorganized NAPCUS. In general, as illustrated by the Projections, the Debtors believe that with a significantly de-leveraged capital structure, Reorganized NAPCUS will be viable. The Debtors believe that Reorganized NAPCUS will have sufficient liquidity to fund obligations as they arise, thereby maintaining value. Accordingly, the Debtors believe the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code. The Debtors prepared the Projections in good faith, based upon estimates and assumptions made by the Debtors' management.

The estimates and assumptions in the Projections, while considered reasonable by management, may not be realized, and are inherently subject to uncertainties and contingencies. They also are based on factors such as industry performance, general business, economic, competitive, regulatory, market and financial conditions, all of which are difficult to predict and generally beyond the Debtors' control. Because future events and circumstances may well differ from those assumed and unanticipated events or circumstances may occur, the Debtors expect that the actual and projected results will differ and the actual results may be materially greater or less than those contained in the Projections. No representations can be made as to the accuracy of the Projections or Reorganized NAPCUS' ability to achieve the projected results. Therefore, the Projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. The inclusion of the Projections herein should not be regarded as an indication that the Debtors considered or consider the Projections to reliably predict future performance. The Projections are subjective in many respects, and thus are susceptible to interpretations and periodic revisions based on actual experience and recent developments. The Debtors do not intend to update or otherwise revise the Projections to reflect the occurrence of future events, even in the event that assumptions underlying the Projections are not borne out. The Projections should be read in conjunction with the assumptions and qualifications set forth herein.

The Debtors did not prepare the Projections with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants. The Debtors' independent auditor has neither compiled nor examined the accompanying prospective financial information to determine the reasonableness thereof and, accordingly, has not expressed an opinion or any other form of assurance with respect thereto.

Neither the Debtors nor Reorganized NAPCUS intend to, and each disclaims any obligation to: (a) furnish updated projections to Holders of Allowed Claims prior to the Effective Date or to Holders of Reorganized NAPCUS Common Stock, or to any other party after the Effective Date; (b) include any such updated information in any documents that may be required to be filed with the SEC; or (c) otherwise make such updated information publicly available.

The Debtors may periodically issue press releases reporting financial results and Holders of Claims and Interests are urged to review any such press releases when, and as, issued.

The Debtors prepared the Projections based on, among other things, the anticipated future financial condition and results of operations of Reorganized NAPCUS.

Although the forecasts represent the best estimates of the Debtors, for which the Debtors believe they have a reasonable basis as of the date hereof, of the results of operations and financial position of the Debtors after giving effect to the reorganization contemplated under the Plan, they are only estimates and actual results may vary considerably from forecasts. Consequently, the inclusion of the forecast information herein should not be regarded

as a representation by the Debtors, the Debtors' advisors or any other person that the forecast results will be achieved.

While, after the Effective Date, the Debtors do not intend to update or otherwise revise the Projections to reflect circumstances existing since their preparation, or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error.

The Projections were not prepared with a view toward general use, but rather for the limited purpose of providing information in conjunction with the Plan. Also they have been presented in lieu of pro forma historical financial information. Reference should be made to Article IX, entitled "Plan Related Risk Factors And Alternatives To Confirming And Consummating The Plan" for a discussion of the risks related to the Plan.

The Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated by the assumed Effective Date. Any significant delay in the assumed Effective Date of the Plan may have a significant negative impact on the operations and financial performance of the Debtors including, but not limited to, an increased risk of inability to meet sales forecasts and higher reorganization expenses.

ARTICLE VIII

IMPLEMENTATION OF THE PLAN AND POSTPETITION GOVERNANCE OF REORGANIZED NAPCUS

A. BOARD OF DIRECTORS AND MANAGEMENT.

1. Reorganized NAPCUS' Board of Directors.

On the Effective Date, the term of the current members of the board of directors of Petroflow Energy Ltd. shall expire, and the Reorganized NAPCUS Board shall be appointed. On the Effective Date, the Reorganized NAPCUS Board shall consist of a number of members, as set forth in the Reorganized NAPCUS Charter or Bylaws, one of which shall be appointed by the Investors. The identities and affiliations of the members of the Reorganized NAPCUS Board shall be disclosed at or in advance of the Confirmation Hearing in accordance with section 1129(a)(5) of the Bankruptcy Code.

2. Reorganized NAPCUS' Officers.

The Debtors' existing officers, Richard Menchaca and Louis Schott, shall, on the Effective Date, serve in their current capacities as officers of Reorganized NAPCUS and Richard Menchaca shall serve as Chief Executive Officer of Reorganized NAPCUS. On and after the Effective Date, each director or officer of Reorganized NAPCUS shall serve pursuant to the terms of the Reorganized NAPCUS Charter, the Reorganized NAPCUS Bylaws, or other constituent documents, and applicable state corporation law.

B. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Reorganized NAPCUS' articles of incorporation or formation, as applicable, will authorize Reorganized NAPCUS to indemnify and exculpate its respective officers, directors or managers and agents to the fullest extent permitted under the applicable state law.

C. MANAGEMENT EQUITY PLAN.

Certain of the Debtors' management will be entitled to participate in a management equity plan that will take effect only upon the Debtors emerging from chapter 11. This Management Equity Plan is comprised of: (a) the issuance, on the Effective Date, of Reorganized NAPCUS Common Stock of a value of up to $600,000 to members of the Debtors' management (as determined by the Debtors' current board of directors) in recognition of the efforts and actions taken by these employees during the Chapter 11 Cases; and (b) a pool of stock options equal to 5,000,000 shares of Reorganized NAPCUS Common Stock set aside for Reorganized NAPCUS management, future employees, consultants and directors. An initial grant of stock options equal to a total of 3,250,000 shares of Reorganized NAPCUS Common Stock shall be made to Reorganized NAPCUS management as of the Effective

Date. The stock options initially granted under the Management Equity Plan will vest immediately, and will be fully earned as of the Effective Date. These stock options will have a five year term and an exercise price equal to the per share value of the Reorganized NAPCUS Common Stock at the Debtors' chapter 11 emergence. The granting of the balance of 1,750,000 in stock options will be at the discretion of the Reorganized NAPCUS Board.

ARTICLE IX

PLAN RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMING AND CONSUMMATING THE PLAN

Prior to voting to accept or reject the Plan, all Impaired Holders of Claims should read and carefully consider the factors set forth below, as well as all other information set forth or otherwise referenced in this Disclosure Statement.

A. GENERAL.

The following provides a summary of various important considerations and risk factors associated with the Plan. However, it is not exhaustive. In considering whether to vote for or against the Plan, Holders of Claims entitled to vote should read and carefully consider the factors set forth below, as well as all other information set forth or otherwise referenced or incorporated by reference in this Disclosure Statement, including the various risks and other factors described in the Debtors' various SEC filings, all of which are incorporated herein.

B. CERTAIN BANKRUPTCY LAW CONSIDERATIONS.

1. Parties in Interest May Object to Debtors' Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims and interests in such class. The Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created six Classes of Claims and Interests, each encompassing Claims or Interests that are substantially similar to the other Claims or Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. Failure to Satisfy Vote Requirement.

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. If the Plan does not receive the required support from the one voting Class, the Debtors may elect to amend the Plan.

3. The Debtors May Not Be Able to Obtain Confirmation or Consummation of the Plan.

The Debtors cannot ensure that they will receive the requisite acceptances to confirm the Plan. Even if the Debtors receive the requisite acceptances, the Debtors cannot ensure that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or Interest Holder might challenge the adequacy of this Disclosure Statement or the Solicitation Procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met. As discussed in further detail above in Article VI.B.4, section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan of reorganization and requires, among other things: a finding by a bankruptcy court that the plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; Confirmation is not likely to be followed by a liquidation or a need for further financial reorganization; and the value of distributions to non-accepting Holders of claims and interests within a particular class under the plan will not be less than the value of distributions such Holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code. While the Debtors believe that the Plan complies with section 1129 of the Bankruptcy Code, there can be no assurance that these requirements will be met.

Pursuant to the Plan, Holders of Petroflow Interests are not entitled to vote to accept or reject the Plan and the Debtors are not distributing Ballots and certain other solicitation materials to such Holders. The Debtors believe that such Holders could be "crammed down" pursuant to section 1129 of the Bankruptcy Code and forced to accept any distribution provided under the Plan, notwithstanding such Holders' rejection of the Plan if entitled to vote. The Debtors will provide, on or before the date of the Confirmation Hearing, an evidentiary showing supporting the Debtors' ability to "cram down" Petroflow Interest Holders pursuant to section 1129 of the Bankruptcy Code.

The Confirmation of the Plan is also subject to certain conditions as described in Article X of the Plan. If the Plan is not confirmed, it is unclear what distributions Holders of Claims and Interests ultimately would receive with respect to their Claims and Interests.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms of the Plan as necessary for Confirmation. Any such modification could result in a less favorable treatment of any non-accepting Class or Classes, as well as of any Classes junior to such non-accepting Classes, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

4. The Debtors May Object to the Amount or Classification of a Claim.

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim or Interest deemed Allowed under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim or Interest may not receive its specified share of the estimated distributions described in this Disclosure Statement.

5. Risk of Non-Occurrence of the Effective Date.

Although the Debtors believe that the Effective Date will occur very quickly after the Confirmation Date, there can be no assurance as to such timing.

6. Contingencies Not to Affect Votes of Impaired Classes to Accept the Plan.

The distributions available to Holders of Allowed Claims and Interests under the Plan can be affected by a variety of contingencies, including, without limitation, whether or not the Debtors are consolidated and whether the Bankruptcy Court orders certain Claims to be subordinated to other Claims. The occurrence of any and all such contingencies which could affect distributions available to Holders of Allowed Claims and Interests under the Plan, however, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

7. Risk of Non-Recognition of Confirmation Order and Denial of Partial Revocation of Cease Trade Order.

Simultaneous with or shortly after the anticipated entry of the Confirmation Order, the Debtors will seek recognition of the Confirmation Order before the Alberta Court of Queens Bench of Alberta in Calgary, Canada. Recognition by the Calgary court of the Confirmation Order likely will result in entry of an order from the Calgary court recognizing the Confirmation Order (including discharge and injunctive provisions) in Canada. Entry of such order will ensure enforceability of the Confirmation Order in Canada against Canadian creditors. Although the Debtors anticipate that the Calgary court will enter the recognition order without issue, there is a non-insignificant risk that the Calgary court will deny the Debtors' petition, leaving the enforceability of the Confirmation Order in Canada in question.

In addition, in connection with Confirmation, the Debtors will file an application to the securities commissions of the Canadian Provinces for a partial revocation of the cease trade order in respect of the securities of Petroflow. Granting partial revocation of the cease trade order will allow for the cancellation of the currently existing Petroflow Interests. Although the Debtors believe it is highly likely that the partial revocation will be granted, the Debtors are unable to guarantee that this will occur. To the extent the petition for partial revocation is

denied, the Petroflow Interests will not be able to be cancelled and the ability to undertake the transactions contemplated in the Plan will be brought into question.

C. FINANCIAL INFORMATION; DISCLAIMER.

Although the Debtors have used their reasonable best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, some of the financial information contained in this Disclosure Statement has not been audited and is based upon an analysis of data available at the time of the preparation of the Plan and this Disclosure Statement. While the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the information contained herein and attached hereto is without inaccuracies.

D. FACTORS AFFECTING THE COMPANY.

The Debtors are exposed to various factors and risks which include but are not limited to the following. Holders should carefully consider the risk factors set forth below.

1. Risks Related to Reorganized NAPCUS' Business and Financial Condition.

a. Ability to Operate with Equal Energy Under New Commercial Agreements.

The asset transfer agreement between Equal Energy and the Debtors executed as part of the Global Settlement contemplates continued cooperation between Equal Energy and the Debtors on a going forward basis. In particular, the Debtors and Equal Energy have established an "Area of Mutual Interest" covering all "Shallow Rights" underlying the land covering the wells transferred from the Debtors to Equal Energy as part of the Global Settlement. To the extent either Equal Energy or Reorganized NAPCUS acquires or contracts to acquire any leasehold, royalty, mineral interest or pooled interest or other exploration or operating right in the oil or gas rights or production within the Area of Mutual Interest, the non-acquiring party shall have the opportunity to participate in such interest within the Area of Mutual Interest on a 50/50 basis.

In addition, the Debtors and Equal Energy have executed new joint operating agreements governing the parties' operation of wells with respect to these "Shallow Rights." It is unclear how Equal Energy's and Reorganized NAPCUS' going forward commercial relationship will develop over the next several months and years. To the extent factors internal or external to the parties' relationship result in tension between the parties, it is possible that Reorganized NAPCUS' operational profitability may suffer. Moreover, Equal Energy will constitute Reorganized NAPCUS' principal working interest partner going forward. There can be no assurance that the future relationship with Equal Energy will be satisfactory to Reorganized NAPCUS. To the extent Equal Energy fails to meet expectations, it is possible that Reorganized NAPCUS' operational performance likewise could be affected.

b. Potential Reductions in Demand for Oil, Natural Gas and Natural Gas Byproduct Based Products.

Any long-term sustained decrease in demand for oil, natural gas and natural gas byproduct based products in the markets served by Reorganized NAPCUS and its purchasers may result in a marked decrease in the Debtors' production and sales volumes, thereby negatively affecting the Debtors' financial and operating results. Factors that could lead to a decrease in market demand for oil, natural gas and natural gas byproduct based products in the markets in which the Debtors and their customers operate include: (a) recessions or other adverse or uncertain economic conditions; (b) higher taxes, including federal excise taxes, or other governmental or regulatory actions that increase, directly or indirectly, the cost of these products; (c) increases in technology or product efficiency where less of these products are needed to achieve the same results; (d) replacement of oil, natural gas and natural gas byproduct based products with alternative sources of energy as a result of consumer preferences, development of alternative fuels or supplies or technological advances; (e) energy conservation or structural changes in the midstream energy industry; (f) changes in the market price of oil, natural gas or natural gas byproduct based products or alternatives to such products; (g) laws or statutory mandates enacted by government bodies that impact oil, natural gas and natural gas byproduct based products or other energy commodities; and (h) effects of weather, natural phenomena, terrorism, war, or other similar acts.

c. Creditworthiness and Performance of Customers, Suppliers, and Other Transaction Counterparties.

There can be no assurance that Reorganized NAPCUS has adequately assessed the creditworthiness of its existing or future transactional counterparties or that there will not be a rapid and unanticipated deterioration in such parties' creditworthiness. Any such deterioration may have an adverse impact on Reorganized NAPCUS' financial condition and results of its operations. Nor is there any certainty that counterparties to Reorganized NAPCUS will perform or adhere to existing or future contractual arrangements.

Reorganized NAPCUS intends to manage its exposure to credit risk through credit analysis and monitoring procedures and policies. However, these procedures and policies cannot fully eliminate counterparty credit risk, and to the extent Reorganized NAPCUS' procedures and policies prove to be inadequate, its financial and operational results could be negatively impacted. Some of Reorganized NAPCUS' counterparties may be highly leveraged and subject to their own operating and regulatory risks and, even if Reorganized NAPCUS' credit review and analysis mechanisms work properly, it may experience financial losses in its dealings with such parties. In addition, volatility in commodity prices may have an impact on many of Reorganized NAPCUS' counterparties, which in turn could have a negative impact to meet its obligations to Reorganized NAPCUS.

Any material nonpayment or nonperformance by Reorganized NAPCUS' counterparties could require Reorganized NAPCUS to pursue substitute counterparties for its affected operations, reduce operations, or provide alternative services. There can be no assurance that any such efforts would be successful or would provide similar financial and operational results.

d. High Fixed Costs.

A high percentage of the Debtors' overall costs are fixed, meaning they do not vary significantly with the increase or decrease in revenues. The Debtors incur substantial costs in the drilling of production wells which is factored into the economic feasibility analysis in conjunction with the decision to proceed with certain resource plays. Once a project has begun, higher than projected drilling rig costs, well bore materials costs or other drilling related costs could result in substantially reduced profitability. As a result, a relatively small reduction in the prices the Debtors charge for their services or production volume could have a disproportionate negative effect on the Debtors' financial condition and results of operations.

e. Inability to Secure Favorable Purchaser Contracts.

The Debtors' financial condition and results of operations depend on their ability to sustain and grow their revenues from existing commodity purchasers. . The Debtors' revenues would decline if they are unable to renew their existing purchaser contracts or obtain alternative purchaser contacts on terms at least as favorable as the existing contracts.

f. Competition.

The oil and gas business environment in which Reorganized NAPCUS will be active is highly competitive. Reorganized NAPCUS must secure viable project ideas for exploration in a competitive arena in which many of the project generators have been secured or are controlled by other oil and gas companies. There is no certainty that a successful project can be obtained. Once a project area has been identified, Reorganized NAPCUS must then compete with other companies for the oil and gas leases in order to establish an ownership position within the project area. Prices for such leases can often be driven beyond the company's expectations and financial ability to obtain. In addition, should the company procure an ownership position in a project area, competition for services to drill and complete wells within the project area can become unobtainable due to competitive companies securing the necessary third party services in which Reorganized NAPCUS would be unable to get wells drilled and project completed. These factors could adversely affect Reorganized NAPCUS' ability to successfully compete and result in a negative financial impact.

g. Government Regulation.

The oil, natural gas and natural gas byproduct production industry in which the Debtors operate is highly regulated and changes in laws and regulations can be significant. Changes in the law or new interpretation of existing laws can have a material effect on the Debtors' permissible activities, the relative costs associated with doing business and the amount of reimbursement by government and other third-party payors. Federal and state governments regulate various aspects of the Debtors' business. Failure to comply with these laws could adversely affect the Debtors' ability to do business and subject them and their officers and agents to civil and criminal penalties.

h. The Debtors' Depend on Access to Credit.

The Debtors' ability to comply with covenants or maintain sufficient eligible assets under any existing or future credit facilities may be affected by events beyond their control, including prevailing economic, financial and industry conditions. If the Debtors default, their creditors may no longer be obligated to provide credit to the Debtors and could declare all amounts outstanding under then-available facilities or other credit arrangements, together with accrued interest, to be immediately due and payable. If the Debtors are unable to repay those amounts, its lenders could proceed against the collateral interest granted to them to secure that indebtedness. The results of such actions would have a significant negative impact on the Debtors' result of operations and financial condition.

i. The Debtors May Not be Able to Achieve Their Projected Financial Results.

The financial projections set forth in **Exhibit E** to this Disclosure Statement represent Debtors management's best estimate of the Debtors' future financial performance based on currently known facts and assumptions about the Debtors' future operations as well as the U.S. and world economy in general and the industry segments in which the Debtors operate in particular. The Debtors' actual financial results may differ significantly from the projections. If the Debtors do not achieve its projected financial results, the value of the Reorganized NAPCUS Common Stock may be negatively affected and the Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date.

j. The Debtors Depend Upon Key Personnel.

The Debtors' future success depends upon the knowledge, ability and experience of its personnel including the Debtors' continuing ability to identify, hire or contract with, develop, motivate and retain highly skilled persons for all areas of their organization, including senior executives and contracted geologists. Competition in the Debtors' industry for qualified employees is intense. Failure to attract and retain key personnel responsible for managing the Debtors or for advancing their business strategies could adversely affect the Debtors' business and financial condition.

k. The Debtors' Business Could be Materially Harmed or Disrupted by Natural Disasters and Public Disturbances.

The Debtors' corporate headquarters and fixed assets are located in Oklahoma, which has a high risk for natural disasters, including tornadoes. Depending upon its severity, a natural disaster could severely damage the Debtors' facilities or interrupt their business, which would adversely affect the Debtors' financial condition and results of operations.

l. Increasing Costs of Insurance.

Reorganized NAPCUS can give no assurance that it will be able to maintain adequate insurance in the future at rates it considers reasonable. Further, Reorganized NAPCUS' operations are subject to operational hazards, risks incidental to drilling, transportation, storing and distribution of natural gas based products and unforeseen interruptions such as natural disasters, adverse weather, accidents, fires, explosions, hazardous materials releases, terrorism, acts of war, and other events beyond Reorganized NAPCUS' control. These events may result in a loss of equipment or life, injury, pollution, or extensive property damage, as well as an interruption in Reorganized NAPCUS' operations which could negatively impact Reorganized NAPCUS' financial and operational results.

m. Threat of Terrorist Attacks.

Since the terrorist attacks of September 11, 2001, the United States government has issued warnings that energy assets, and in particular, energy production and transport infrastructure, may be future targets of terrorist organizations. These developments have subjected and likely will continue to subject Reorganized NAPCUS' operations to increased risks. Any future terrorist attack that may target facilities of Reorganized NAPCUS, those of its purchasers or suppliers, or other portions of the nation's energy infrastructure could have a material adverse effect on Reorganized NAPCUS' businesses. In addition, any government body mandated actions to prepare for or protect against potential terrorist attacks could require Reorganized NAPCUS to expend substantial amounts of money or to modify its operations.

n. Potential Risks to Oil and Gas Exploration and Production.

There are many uncertainties in the oil and gas industry that could cause Reorganized NAPCUS' actual results to differ materially from the Financial Projections attached to this Disclosure Statement. Such uncertainties include but are not limited to: the volatility of the oil and gas industry, including the level of exploration, production and development activity; risks of the Debtors' growth strategy, including the risks of rapid growth and the risks inherent in acquiring businesses and/or assets; changes in competitive factors affecting Reorganized NAPCUS' business operations; and operating hazards, including the significant possibility of accidents resulting in personal injury, property damage or environmental matters. Although Reorganized NAPCUS believes that the expectations reflected herein are reasonable, it can give no assurance that such expectations will prove to be correct.

o. Operational Risks.

By nature Reorganized NAPCUS' business and its industry involve substantial risks. Reorganized NAPCUS' attempts to minimize these risks include utilizing well qualified technical personnel as well as the best technology available. In spite of this, there are reservoir, mechanical and technical risks associated with any well drilled. These can occur in all phases of drilling operations from spud to completion. These risks can be further increased if the well is considered exploratory in nature.

Additionally, there may be inherent risks operating these wells if successfully drilled. All of these risk factors can substantially impact Reorganized NAPCUS' financial results.

2. Risks Related to Government Regulation.

Reorganized NAPCUS' operations involve production, handling and/or transportation of hydrocarbons and, accordingly, are subject to stringent domestic federal, state, provincial and local laws and regulations, including receipt of approvals, authorizations and permits in the United States, and laws governing discharge of materials into the environment or otherwise relating to the protection of the environment. Environmental regulations have had and will continue to have an impact on Reorganized NAPCUS' operations and investment decisions.

Compliance with these laws and regulations increases Reorganized NAPCUS' overall cost of doing business, including its capital costs to construct, maintain and upgrade its equipment. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory and remedial liabilities, the issuance of injunctions that may subject Reorganized NAPCUS to additional operational requirements and constraints, or may affect its ability to obtain or renew approvals, authorizations and permits. Importantly, the laws and regulations applicable to Reorganized NAPCUS' operations are subject to constant interpretation and revisions by government agencies and state and federal legislatures. Such change or interpretation adverse to Reorganized NAPCUS could have a material adverse effect on its operations, revenues, and profitability.

Complying with federal and state regulations pertaining to Reorganized NAPCUS' business is an expensive and time consuming process, and any failure to comply could result in substantial penalties and adversely affect Reorganized NAPCUS' ability to operate its business and its financial condition and results of operations.

3. Risks Related to the Reorganized NAPCUS Common Stock.

a. The Debtors Do Not Intend to List the Shares of Reorganized NAPCUS Common Stock on any Securities Exchange or other Quotation System.

The Debtors do not currently intend to apply for listing of the shares of Reorganized NAPCUS Common Stock on any securities exchange or for quotation of such securities on any automated dealer quotation system. An active trading market may not develop for the shares of Reorganized NAPCUS Common Stock. If an active public trading market for the shares of Reorganized NAPCUS Common Stock does not develop or is not maintained, the market price and liquidity of such securities is likely to be adversely affected and Holders may not be able to sell such securities at desired times and prices or at all. If any shares of Reorganized NAPCUS Common Stock are traded after their issuance, they may trade at a discount from the price at which such securities were acquired.

The liquidity of the trading market, if any, and future trading prices of the shares of Reorganized NAPCUS Common Stock will depend on and may be adversely affected by unfavorable changes in many factors, including, without limitation:

- prevailing interest rates, increases in which may have an adverse effect on the share price of the Reorganized NAPCUS Common Stock;
- the Debtors' business, financial condition, results of operations, prospects and credit quality;
- the market for similar securities and the overall securities market; and
- general economic and financial market conditions, including commodity prices.

Many of these factors are beyond the Debtors' control. Historically, the market for equity securities has been volatile. Market volatility could materially and adversely affect the shares of Reorganized NAPCUS Common Stock, regardless of the Debtors' business, financial condition, results of operations, prospects or credit quality.

b. Reorganized NAPCUS Common Stock Will be Subject to Certain Transfer Restrictions.

In addition, transfers of the Reorganized NAPCUS Common Stock will be subject to transfer restrictions set forth in the Reorganized NAPCUS Charter to ensure that Reorganized NAPCUS preserves the ability to utilize valuable net operations losses and does not become subject to public reporting requirements under applicable U.S. or Canadian law.

Despite these restrictions, it is intended that the shares of Reorganized NAPCUS Common Stock may be transferred by Holders of such shares to the extent that there is an available exemption from the registration requirements of the Securities Act and/or any applicable requirements of Canadian law. These factors could substantially and adversely impact both the liquidity and value of Reorganized NAPCUS Common Stock.

c. Canadian Regulators May not Revoke the Current Cease Trade Order or Recognize Reorganized NAPCUS as a Non-Reporting Issuer.

In connection with the reorganization under the Plan, Petroflow Interests will be cancelled pursuant to the Plan, and, such cancellation will be given effect in Canada, in part, upon the securities commissions of Alberta, British Columbia and Ontario granting of a partial revocation of the cease trade order currently in effect with respect to Petroflow Interests. The Debtors expect this partial revocation to be granted. Inability to obtain this revocation may cause uncertainty regarding the cancellation of Petroflow Interests in Canada and issuance of Reorganized NAPCUS Common Stock to Canadian holders.

Reorganized NAPCUS will make an application to the securities commissions of the Canadian Provinces of British Columbia, Alberta and Ontario for a decision that it is not a reporting issuer in Canada. Though the Debtors believe that the necessary conditions will exist such that the decision will be granted, if it is not,

Reorganized NAPCUS will be subject to Canadian reporting obligations and disclosures. If that decision is granted, then Holders of Reorganized NAPCUS Common Stock which are subject to Canadian securities laws cannot trade such securities until Reorganized NAPCUS has been a reporting issuer for the four months preceding the trade in any province or territory of Canada, unless the Holder complies with an exemption from the prospectus and registration requirements under Canadian securities legislation.

d. Reorganized NAPCUS Will not be a Public Reporting Company in the United States or Canada and Therefore Limited Information on the Company will be Available.

Upon emergence from chapter 11, Reorganized NAPCUS will not be required to file periodic reports with the SEC and will not be a reporting company in Canada and therefore only limited information will be publically available. Because only limited information will be publically available, there may be a limited market for shares of Reorganized NAPCUS Common Stock and the lack of an active trading market may adversely affect the market price and liquidity of such shares.

4. Legal Proceedings.

In the normal course of business, the Debtors are subject to various legal proceedings and claims. Accordingly, although the Debtors believe they have made adequate provisions for all current and threatened legal disputes, the Debtors may in the future become involved in legal disputes arising from their relationships with their employees, shareholders, business partners and creditors or from other sources. Such legal disputes could result in large settlements and/or judgments which could materially impair the Debtors' financial condition. In addition, the defense of such proceedings could result in significant expense and the diversion of management's time and attention from the operation of the business, which could impede the Debtors' ability to achieve their business objectives. Some or all of the amount the Debtors may be required to pay to defend or to satisfy a judgment or settlement of any or all of these proceedings may not be covered by insurance.

The Debtors are engaged from time to time in the defense of other lawsuits arising out of the ordinary course and conduct of their business and have insurance policies covering certain potential insurable losses where such coverage is cost-effective.

E. CERTAIN TAX MATTERS.

For a summary of certain federal income tax consequences of the Plan to certain Holders of Claims and to the Debtors, see Article XI below, entitled "Certain Federal Income Tax Consequences."

F. RISK THAT THE INFORMATION IN THIS DISCLOSURE STATEMENT MAY BE INACCURATE.

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change since that date in the information set forth herein. The Debtors may subsequently update the information in this Disclosure Statement, but it has no duty to update this Disclosure Statement unless ordered to do so by the Bankruptcy Court. Further, the performance and prospective financial information contained herein, unless otherwise expressly indicated, is unaudited. Finally, neither the SEC nor any other governmental authority has passed upon the accuracy or adequacy of this Disclosure Statement, the Plan or any Exhibits thereto.

G. LIQUIDATION UNDER CHAPTER 7.

If no plan can be confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and Interests and the Debtors' liquidation analysis is set forth in Article VII above and **Exhibit D**.

These risk factors contain certain statements that are "forward looking statements" within the meaning of Section 21E of the Exchange Act and are made pursuant the safe harbor provisions thereof. These statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Debtors, including the implementation of the Plan, the continuing availability of sufficient borrowing capacity, or other financing to fund operations, currency exchange rate fluctuations, terrorist actions or acts of war, operating efficiencies, labor relations, actions of governmental bodies and other market and competitive conditions. Holders of Claims and Interests are cautioned that the forward looking statements speak as of the date made and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in the forward looking statements and the Debtors undertake no obligation to update any such statements.

ARTICLE X
SECURITIES LAW MATTERS

A. ISSUANCE AND RESALE OF REORGANIZED NAPCUS COMMON STOCK AND REORGANIZED NAPCUS CONVERTIBLE PREFERRED STOCK UNDER THE PLAN.

The Plan provides for Reorganized NAPCUS to issue to Holders of Claims in Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims, respectively, the Reorganized NAPCUS Series C Convertible Preferred Stock and the Reorganized NAPCUS Series B Convertible Preferred Stock. In addition, the Plan provides for Reorganized NAPCUS (i) to issue to Holders of Class 5A Petroflow Emergence Interests shares of Reorganized NAPCUS Common Stock and (ii) to issue Reorganized Napcus Common Stock or Cash to Holders of Class 5B Petroflow Other Interests on a delayed basis, as determined by the Reorganized NAPCUS Board. Finally, Reorganized NAPCUS also will issue the NAPCUS Series A Convertible Preferred Stock to the Investors.

The Debtors believe that the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock constitute "securities," as defined in Section 2(a)(1) of the Securities Act, Section 101 of the Bankruptcy Code, and applicable Blue Sky Law. The Debtors further believe that the offer and sale of the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock pursuant to the Plan are, and subsequent transfers of the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock by the Holders thereof that are not "underwriters," as defined in Section 2(a)(11) of the Securities Act and in the Bankruptcy Code, will be exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code and state securities laws.

1. Exemption from Registration.

Section 1145 of the Bankruptcy Code provides that the registration requirements of section 5 of the Securities Act (and any state Blue Sky Law requirements) shall not apply to the offer or sale of stock, options, warrants or other securities by a debtor if (a) the offer or sale occurs under a plan of reorganization; (b) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor; and (c) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange and partly for cash and property. The Debtors are relying on the exemption from the Securities Act, and equivalent state law registration requirements, provided by section 1145(a) of the Bankruptcy Code, to exempt from registration under the Securities Act and Blue Sky Law the offer and sale of the Reorganized NAPCUS Common Stock and the Reorganized NAPCUS Series B and Series C Convertible Preferred Stock under the Plan.

Section 4(2) of the Securities Act (and Regulation D promulgated thereunder) provides that the registration requirements of section 5 of the Securities Act shall not apply to the offer and sale of a security in connection with transactions not involving any public offering. By virtue of section 18 of the Securities Act, section 4(2) also provides that any state Blue Sky Law requirements shall not apply to such offer or sale. The Debtors are relying on Section 4(2) of the Securities Act, and similar Blue Sky Law provisions, to exempt from registration under the Securities Act and Blue Sky Law the offer to the Investors of the Reorganized NAPCUS Series A Convertible Stock.

In reliance upon these exemptions, the offer and sale of the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock will not be registered under the Securities Act or any state Blue Sky Law.

Because the issuance of the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Series B and Series C Convertible Preferred Stock under the Plan is covered by section 1145 of the Bankruptcy Code, the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock may be resold without registration under the Securities Act or other federal securities laws, unless the Holder is an "underwriter" (as discussed below) with respect to such securities, as that term is defined in section 2(a)(11) of the Securities Act and in the Bankruptcy Code. In addition, the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Series B and Series C Convertible Preferred Stock generally may be able to be resold without registration under state securities laws pursuant to various exemptions provided by the respective Blue Sky Law of those states; however, the availability of such exemptions cannot be known unless individual state Blue Sky Laws are examined. Therefore, recipients of the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state Blue Sky Law in any given instance and as to any applicable requirements or conditions to such availability.

2. Resales of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Series B and Series C Convertible Preferred Stock; Definition of Underwriter.

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; or (b) offers to sell securities offered or sold under a plan for the Holders of such securities; or (c) offers to buy securities offered or sold under a plan from the Holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a Person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a Person is an underwriter under Section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "controlling persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "controlling Person" of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of a class of securities of a reorganized debtor may be presumed to be a "controlling Person" and, therefore, an underwriter.

Resales of the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Series B and Series C Convertible Preferred Stock by Persons deemed to be "underwriters" (which definition includes "controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, Holders who are deemed to be "underwriters" may be entitled to resell their Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock pursuant to the limited safe harbor resale provisions of Rule 144. However, the Debtors do not presently intend to make publicly available the requisite current information regarding the Debtors, and as a result, Rule 144 may not be available for resales of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock by persons deemed to be underwriters. Whether any particular Person would be deemed to be an "underwriter" (including whether such Person is a "controlling Person") with respect to the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock would depend upon various facts and

circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock. In view of the complex nature of the question of whether a particular Person may be an "underwriter," the Debtors make no representations concerning the right of any Person to freely resell Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock. **Accordingly, the Debtors recommend that potential recipients of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock consult their own counsel concerning their ability to freely trade such securities without compliance with the federal and state securities laws**.

3. Transferring Reorganized NAPCUS Common Stock.

To protect Reorganized NAPCUS' ability to continue to utilize its net operating losses ("NOLs") (and any built-in losses) in the future, Reorganized NAPCUS intends to include in the Reorganized NAPCUS Bylaws and Charter certain trading restrictions with respect to the Reorganized NAPCUS Common Stock. The terms of such restrictions would generally restrict the transfer of Reorganized NAPCUS Common Stock to avoid possible ownership change with respect to such stock that could place Reorganized NAPCUS' ability to utilize its NOLs at risk. Transfer restrictions with respect to the Reorganized NAPCUS Common Stock may also be included in the Reorganized NAPCUS Charter to ensure that Reorganized NAPCUS will not become a public reporting company. The terms of any transfer restrictions shall be described in the Reorganized NAPCUS Charter filed as part of the Plan Supplement. Additionally, the right of a holder of Allowed Petroflow Other Interests to receive a distribution pursuant to the Determination Date Distribution shall not be transferrable.

B. LISTING OF REORGANIZED NAPCUS COMMON STOCK AND REORGANIZED NAPCUS CONVERTIBLE PREFERRED STOCK.

The Debtors will not be required to file periodic reports with the SEC upon emergence and will not be a reporting company in Canada. Moreover, immediately upon the Effective Date, the Debtors will not seek to list the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock on a national securities exchange. In order to ensure that the Debtors will not become subject to the reporting requirements of the Exchange Act except in connection with a public offering, the Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock will be subject to certain trading and exercise restrictions, among other transfer and exercise restrictions, to limit the number of record holders thereof.

C. CANADIAN SECURITIES DISCLOSURES.

For the purposes of Canadian securities laws, the Debtors will rely on an exemption from the requirement to file a prospectus for trades of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock which is available for securities issued in connection with a reorganization under a statutory procedure. For this purpose the statutory procedure is the Canadian Proceeding under the Companies' Creditors Arrangement Act (Canada) under which Petroflow intends to obtain recognition of the Plan in Canada.

In connection with the reorganization under the Plan, the Petroflow Interests will be cancelled; provided that an application must be made to the securities commissions of the Canadian Provinces of British Columbia, Alberta and Ontario ("Canadian Provinces") for a partial revocation of the cease trade order in respect of the securities of Petroflow to allow for the cancellation. The Debtors expect that the respective securities commissions will grant the application for partial revocation of the cease trade order, which will permit cancellation of the existing Petroflow Interests.

Reorganized NAPCUS will, as a result of the reorganization, technically become a reporting issuer in the Canadian Provinces but will make an application to the securities commissions of such provinces for a decision that it is not a reporting issuer. If that decision is granted, holders of Reorganized NAPCUS Common Stock which are subject to Canadian securities laws cannot trade such securities until Reorganized NAPCUS has been a reporting issuer for four months preceding the trade in any province or territory of Canada unless the holder complies with a statutory exemption from the prospectus and registration requirements under Canadian securities legislation (for example, in a trade to an "accredited investor," as defined under Canadian securities laws or in accordance with a discretionary exemption issued by applicable securities commissions).

If Reorganized NAPCUS is not a reporting issuer, it will not be required to file continuous disclosure documents in Canada until such time as it becomes a reporting issuer.

ARTICLE XI

CERTAIN U.S. FEDERAL AND OTHER TAX CONSEQUENCES

The following discussion summarizes certain tax consequences of the implementation of the Plan to the Debtors and the Reorganized Debtors and certain Holders of Claims and Interests. The following summary is based on, among other things, the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder (the "Regulations"), judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS") as in effect on the date hereof, and certain Canadian federal income tax laws and regulations, as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below.

The tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested and will not request a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary does not address foreign, state or local tax consequences of the Plan, other than certain Canadian tax consequences, as further set forth herein. This summary does not purport to address the tax consequences of the Plan to special classes of taxpayers (such as Persons who are related to the Debtors within the meaning of the Tax Code, foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, investors in pass-through entities, subchapter S corporations, persons who hold Claims or Interests or who will hold the New Common Stock or Preferred Stock as part of a straddle, hedge, conversion transaction or other integrated investment, persons using a mark to market method of accounting, and Holders of Claims who are themselves in bankruptcy). This discussion assumes that Holders of Claims or Interests hold such Claims or Interests as "capital assets" within the meaning of Section 1221 of the Tax Code. Furthermore, except as specifically discussed below, this discussion assumes that Holders of Claims or Interests hold only Claims or Interests in a single Class. Holders of Claims or Interests should consult their tax advisors as to the effect such ownership may have on the U.S. federal income tax consequences described below.

This discussion assumes that the various debt and other arrangements to which the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. IT IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR INTEREST. THE PLAN PROPONENTS AND THEIR COUNSEL AND FINANCIAL ADVISORS ARE NOT MAKING REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES, AS WELL AS CANADIAN TAX CONSEQUENCES AND TAX CONSEQUENCES IN OTHER JURISDICTIONS.

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

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

A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS AND THE REORGANIZED DEBTORS

General Discussion

Generally, the Debtors do not expect to incur any substantial tax liability as a result of implementation of the Plan. It is not expected that the Debtors will realize cancellation of indebtedness income upon implementation of the Plan. Therefore, the implementation of the Plan should not cause a reduction in the Debtors' tax attributes, including net operating losses ("NOLs") and the tax basis in their assets.

1. Transfers of U.S. Real Property Interests.

Section 897 of the Tax Code generally requires a foreign person to take any gain recognized on the disposition of a U.S. Real Property Interest (USRPI) into account as if the foreign person were engaged in a U.S. trade or business and that gain were effectively connected with that trade or business. A USRPI is defined as an interest, other than an interest solely as a creditor, in real property and generally includes any interest in a U.S. corporation the assets of which consisted of more than 50% of USRPIs by value over a certain lookback period. In accordance with this definition, NAPCUS is a U.S. Real Property Holding Corporation, and Petroflow Energy Ltd. is a holder of a USRPI. In addition, any foreign person that receives stock of Reorganized NAPCUS upon implementation of the Plan will be a holder of a USRPI and will generally be subject to Section 897 upon the disposition of such stock.

The Debtors do not expect that Petroflow Energy Ltd. will realize gain on the disposition of its stock in NAPCUS. However, to the extent that Petroflow Energy Ltd. does realize gain because NAPCUS stock is a USRPI, Petroflow Energy Ltd. would be subject to U.S. federal income tax on such gain.

2. Cancellation of Debt Income.

Under the Tax Code, a taxpayer generally recognizes gross income to the extent indebtedness of the taxpayer is cancelled for less than the amount owed by the taxpayer, subject to certain judicial or statutory exceptions. The most significant of these exceptions with respect to the Debtors is that taxpayers who are operating under the jurisdiction of a federal bankruptcy court are not required to recognize such income if the discharge of the debt is granted by the court or is pursuant to a plan approved by the court. In that case, however, the taxpayer must reduce its tax attributes, such as its NOLs, general business credits, capital loss carryforwards, and tax basis in assets, by the amount of cancellation of indebtedness income ("CODI") excluded. The amount of CODI to the Debtors, if any, will depend on various factors, principally the value of the Preferred Stock distributed to unsecured creditors under the Plan. Since each Holder of Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims will receive Preferred Stock that is intended to equal the amount of each such Holder's Claim, it is not expected that CODI will be realized by the Debtors. However, to the extent that Debtors do realize CODI as a result of the implementation of the Plan, they may be required to reduce their tax attributes.

3. Limitation on NOLs and Other Tax Attributes.

Following the implementation of the Plan, the Debtors anticipate that any remaining NOLs, tax credit carryforwards, net unrealized built-in losses, and, possibly, certain other tax attributes of the Reorganized Debtors allocable to periods prior to the Effective Date (collectively, "Pre-Change Losses") may be subject to limitation under Section 382 of the Tax Code if the Debtors undergo an "ownership change" by reason of the transactions pursuant to the Plan.

In general, the amount of the annual limitation to which a corporation that undergoes an ownership change would be subject is equal to the product of (a) the fair market value of the stock of the loss corporation immediately before the ownership change (with certain adjustments) multiplied by (b) the "long-term tax-exempt rate" in effect for the month in which the ownership change occurs (currently, 4.3 percent). The annual limitation under Section 382 represents the amount of pre-change NOLs, as well as certain built-in losses recognized within the five-year

period following the ownership change, that may be used each year to offset income. Section 383 of the Tax Code applies a similar limitation to capital loss carryforwards and tax credits. The annual limitation may be increased to the extent that the Reorganized Debtors recognize certain built-in gains in their assets during the five-year period following the ownership change, including, pursuant to Notice 2003-65, any hypothetical increase in their depreciation or amortization as a result of any anticipated net unrealized built-in gain on the Effective Date. Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year.

An exception to the foregoing annual limitation rules generally applies when former stockholders and so called "qualified creditors" of a company in bankruptcy receive, in respect of their claims, at least 50% of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in bankruptcy) pursuant to a confirmed Chapter 11 plan (the "382(l)(5) Exception"). Under the 382(l)(5) Exception, a debtor's pre-change losses are not limited on an annual basis but, instead, are required to be reduced by the amount of any interest deductions claimed during the three taxable years preceding the Effective Date, and during the part of the taxable year prior to and including the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the 382(l)(5) Exception applies and the Reorganized Debtors undergo another ownership change within two years after Consummation of the Plan, then the Reorganized Debtors' Section 382 annual limitation will generally be reduced to zero, which would effectively preclude utilization of Pre-Change Losses.

Where the 382(l)(5) Exception is not applicable (either because the debtor company does not qualify for it or the debtor otherwise elects not to utilize the 382(l)(5) Exception), a second special rule will generally apply (the "382(l)(6) Exception"). When the 382(l)(6) Exception applies, a corporation in bankruptcy that undergoes an "ownership change" generally is permitted to determine the fair market value of its stock after taking into account the increase in value resulting from any surrender or cancellation of creditors' claims in the bankruptcy. This differs from the ordinary rule that requires the fair market value of a corporation that undergoes an ownership change to be determined before the events giving rise to the change. The 382(l)(6) Exception also differs from the 382(l)(5) Exception in that under it the Reorganized Debtors would not be required to reduce their NOLs by the amount of any interest deductions claimed by the Debtors within the prior three-year period and the Reorganized Debtors may undergo a change of ownership within two years without triggering any reduction in their Section 382 annual limitation.

Prior to the implementation of the Plan, the Debtors expect NAPCUS to have approximately $16 million of NOLs, almost all of which are subject to an annual limitation due to an ownership change that occurred in 2007. The amount of this annual limitation is approximately $2.4 million.

NAPCUS realized approximately $20 million of CODI in connection with the settlement of the Prepetition Lenders' and Equal Energy Claims as part of the Global Settlement. As a result, NAPCUS's $16 million NOL will likely be reduced on January 1, 2012, and NAPCUS's tax basis in its assets could be reduced as well. As discussed above, the Debtors do not expect the implementation of the Plan to trigger additional CODI. The Debtors expect that implementation of the Plan will not result in an ownership change for purposes of Section 382. Nevertheless, in the event that it does result in an ownership change, and NAPCUS still has available Pre-Change Losses, the Debtors expect that they will be able to utilize the 382(l)(5) Exception. In the event that NAPCUS undergoes an ownership change as a result of the implementation of the Plan and does not use the 382(l)(5) Exception, the Debtors expect that NAPCUS's use of any remaining Pre-Change Losses after the Effective Date will be subject to limitation based on the rules discussed above, but taking into account the 382(l)(6) Exception.

4. Alternative Minimum Tax.

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income at a 20% rate to the extent such tax exceeds the corporation's regular U.S. federal income tax. For purposes of computing taxable income for AMT purposes, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for certain alternative tax NOLs generated in taxable years beginning or ending in 2008 or 2009, which can offset 100% of a corporation's AMT income, generally only 90% of a corporation's taxable income for AMT purposes may be offset by available NOLs (as computed for AMT purposes). The effect of this rule could cause the Reorganized Debtors to owe some amount of federal and state income tax on taxable income in future years even if NOL carryforwards are available to offset that taxable income.

In addition, if a corporation undergoes an ownership change, within the meaning of Section 382 of the Tax Code and is in a net unrealized built-in loss position (as determined for AMT purposes) on the date of the ownership change, the corporation's aggregate tax basis in its assets will be reduced for certain AMT purposes to reflect the fair market value of such assets as of the change date.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 1 AND CLASS 2 CLAIMS.

Pursuant to the Plan, Holders of Allowed Class 1 Secured Claims and Class 2 Other Priority Claims will either receive Cash in full payment of their Claims or such other treatment so as to render their Claims Unimpaired. A Holder who receives Cash in exchange for its Claim pursuant to the Plan generally will recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (1) the amount of Cash received in exchange for its Claim and (2) the Holder's adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. See the discussions of accrued interest and market discount below.

C. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 3 PETROFLOW GENERAL UNSECURED CLAIMS AND CLASS 4 NAPCUS GENERAL UNSECURED CLAIMS.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, Holders of Allowed Class 3 Petroflow General Unsecured Claims and Allowed Class 4 NAPCUS General Unsecured Claims will receive, respectively, the Reorganized NAPCUS Series C Convertible Preferred Stock and the Preferred B Shares and/or Cash. The U.S. federal income tax consequences of the Plan to such Holders of Claims will depend, in part, on whether the Claims surrendered constitute "securities" for U.S. federal income tax purposes.

Whether a debt instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an Interest of the obligor, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or accrued. While not free from doubt, the Debtors expect that most of the Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims will not constitute securities for federal income tax purposes.

To the extent that the Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims are not treated as securities, a Holder of such Claim will be treated as exchanging such Claim for Reorganized NAPCUS Series C Convertible Preferred Stock, Preferred B Shares and/or Cash in a taxable exchange under Section 1001 of the Tax Code. Accordingly, each Holder of such Class 3 Petroflow General Unsecured Claim or Class 4 NAPCUS General Unsecured Claim should recognize gain or loss equal to the difference between: (1) the amount of any Cash plus the fair market value of, as applicable, Reorganized NAPCUS Series C Convertible Preferred Stock or Preferred B Shares (as of the date the stock is distributed to the Holder) if any, received in exchange for the Claim; and (2) such Holder's adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. To the extent that a portion of the Reorganized NAPCUS Series C Convertible Preferred Stock, Preferred B Shares or Cash received in exchange for the Class 3 Petroflow General Unsecured Claim or Class 4 NAPCUS General Unsecured Claim is allocable to accrued but untaxed interest, the Holder may recognize ordinary income (as discussed in greater detail in **Accrued but Untaxed Interest** below). A Holder's tax basis in any Reorganized NAPCUS Series C Convertible Preferred

Stock or Preferred B Shares received should equal the fair market value of the Reorganized NAPCUS Series C Convertible Preferred Stock or the Preferred B Shares as of the date such stock is distributed to the Holder. A Holder's holding period for, as applicable, Reorganized NAPCUS Series C Convertible Preferred Stock or Preferred B Shares should begin on the day following the Effective Date.

If the Class 3 Petroflow General Unsecured Claims or Class 4 NAPCUS General Unsecured Claims do qualify as securities, a Holder of such Class 3 Petroflow General Unsecured Claim or Class 4 NAPCUS General Unsecured Claim that receives Reorganized NAPCUS Series C Convertible Preferred Stock, Preferred B Shares and/or Cash in satisfaction of such Claim should recognize no loss (or bad debt deduction), but should recognize gain to the extent of any Cash received or to the extent that any portion of the consideration received in exchange for such Class 3 Petroflow General Unsecured Claim or Class 4 NAPCUS General Unsecured Claim is allocable to accrued but untaxed interest. To the extent that a portion of such consideration is allocable to accrued but untaxed interest, the Holder may recognize ordinary income (as discussed in greater detail in **Accrued but Untaxed Interest** below).

A Holder's aggregate tax basis in the Reorganized NAPCUS Series C Convertible Preferred Stock or Preferred B Shares received under the Plan in respect of its Class 3 Petroflow General Unsecured Claim or Class 4 NAPCUS General Unsecured Claim that qualifies as a security, apart from amounts allocable to accrued but untaxed interest, generally should equal the Holder's tax basis in such surrendered Claim less the amount of any Cash received. The holding period for any such Reorganized NAPCUS Series C Convertible Preferred Stock and Preferred B Shares received under the Plan, apart from amounts allocable to accrued but untaxed interest, generally should include the holding period of such surrendered Claim.

Holders of Class 3 Petroflow General Unsecured Claims and Class 4 NAPCUS General Unsecured Claims should also consult their tax advisors regarding whether such Claims could be treated as "securities" for U.S. federal income tax purposes.

D. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 5A PETROFLOW EMERGENCE INTERESTS.

Pursuant to the Plan, Class 5A Petroflow Emergence Interests will be cancelled and each Holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Class 5A Interest shall receive one share of Reorganized NAPCUS Common Stock for every one share of Petroflow Interests it owned; provided that such distribution shall be subject to dilution by the Reorganized Petroflow Convertible Preferred Stock and the Management Equity Plan, and shall be adjusted for stock splits, stock dividends, reverse stock splits and reclassifications, but not for ordinary dividends paid out of earnings.

A Holder of a Class 5A Petroflow Emergence Interest should not recognize any gain or loss with respect to the exchange of such Interest for Reorganized NAPCUS Common Stock. A Holder's tax basis in its Reorganized NAPCUS Common Stock should be the same tax basis that such Holder had in its Class 5A Petroflow Emergence Interest, and such Holder's holding period in the Reorganized NAPCUS Common Stock received in the exchange should include the period that such Holder held its Class 5A Petroflow Emergence Interest.

E. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 5B PETROFLOW OTHER INTERESTS.

Pursuant to the Plan, Class 5B Petroflow Other Interests will be cancelled on the Effective Date and each Holder of a Class 5B Petroflow Other Interest shall receive, on the Determination Date, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Interest, either (a) one share of New Common Stock for every one share of Petroflow Interests it owns or (b) Cash. Because the Determination Date will likely occur in a taxable year beginning after the Effective Date, the tax treatment of the exchange of Class 5B Petroflow Other Interests is not entirely clear.

A Holder of a Class 5B Petroflow Other Interest will likely not recognize gain or loss with respect to the exchange of such Interest for New Common Stock, except to the extent that a portion of the New Common Stock is treated as interest that accrued between the Effective Date and the Determination Date. A Holder's tax basis in any New Common Stock received as interest should equal the fair market value of such New Common Stock on the

Distribution Date, and it holding period for such stock should begin on the Distribution Date. A Holder's tax basis in other New Common Stock received in the exchange should equal such Holder's tax basis in its Class 5B Petroflow Other Interest, and such Holder's holding period in such New Common Stock should include the period that such Holder held its Class 5B Petroflow Other Interest. A Holder of a Class 5B Petroflow Other Interest that receives Cash in exchange for such Interest should recognize capital gain or loss on the exchange, except to the extent that a portion of the Cash received is treated as interest that accrued between the Effective Date and the Determination Date. Any such capital gain or loss would equal to the difference between (a) the amount of Cash received (other than Cash treated as interest) and (b) the Holder's tax basis in the Class 5B Other Petroflow Interest surrendered therefor. Such gain or loss should be long-term capital gain or loss if the Holder had a holding period in the Class 5B Petroflow Other Interest of more than one year.

Certain Holders may be eligible to use the installment method to defer recognition of any gain until the Distribution Date. It is also plausible that a Holder not eligible for the installment method could defer recognition of any gain or loss by treating the transaction as an 'open' transaction for tax purposes. The federal income tax consequences of an open transaction are uncertain and highly complex. A Holder should consult with its own tax advisor in order to determine if it is eligible to use the installment method and/or whether open transaction treatment might be appropriate.

F. ACCRUED INTEREST BUT UNTAXED INTEREST.

A portion of the consideration received by Holders of Claims may be attributable to interest that has accumulated since the principal investment or since the previous interest payment that has not been paid or taxed ("Accrued but Untaxed Interest"). Such amount should be taxable to that Holder as interest income if such accrued interest has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder of a Claim may be able to recognize a deductible loss (or, possibly, a write off against a reserve for worthless debts) to the extent that any accrued interest on the Claims was previously included in the Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair market value of the consideration is not sufficient to fully satisfy all principal and interest on an Allowed Claim, the extent to which such consideration will be attributable to Accrued but Untaxed Interest is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a Chapter 11 plan of reorganization is binding for U.S. federal income tax purposes. The IRS could take the position, however, that the consideration received by the Holder should be allocated in some way other than as provided in the Plan, in which case the Holder could recognize interest income. Holders of Claims should consult their tax advisors regarding the proper allocation of the consideration received by them under the Plan.

G. MARKET DISCOUNT.

Under the "market discount" provisions of Sections 1276 through 1278 of the Tax Code, some or all of any gain realized by a Holder of a debt instrument constituting a General Unsecured Claim who exchanges the debt instrument for other property on the Effective Date may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the surrendered Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if its Holder's adjusted basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or, (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition of surrendered debts (determined as described above) that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the Holder (unless the Holder had

elected to include market discount in income as it accrued). To the extent that the surrendered Claims acquired with market discount are deemed to be exchanged for Reorganized NAPCUS Series C Convertible Preferred Stock or Preferred B Shares in a tax free reorganization, any market discount that accrued on such debt but was not recognized by the Holder may cause any gain recognized on the subsequent sale, exchange, redemption or other taxable disposition of such Shares to be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged Claim.

H. INFORMATION REPORTING AND BACK-UP WITHHOLDING.

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of a Claim may be subject to backup withholding (currently at a rate of 28%) with respect to distributions or payments made pursuant to the Plan unless that Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided, however, that the required information is provided to the IRS.

The Reorganized Debtors will withhold all amounts required by law to be withheld from payments of interest. The Reorganized Debtors will comply with all applicable reporting requirements of the IRS.

I. CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES.

The following discussion summarizes certain Canadian federal income tax consequences of the implementation of the Plan to Holders of Petroflow Interests and certain Holders of Claims against Petroflow.

This summary is based on the current provisions of the ITA, the regulations thereunder and the understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency publicly available prior to the date hereof. The summary also takes into account all specific proposals to amend the ITA and ITA's regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not take into account or anticipate any changes in law or administrative policies or assessing practices of the Canada Revenue Agency, whether by way of judicial, governmental or legislative action or decisions, nor does it address any provincial, territorial or foreign tax legislation or considerations.

The Canadian federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested and will not request a ruling from the Canada Revenue Agency or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the Canada Revenue Agency will adopt. This summary applies to Holders who, as at all relevant times for purposes of the ITA, deal at arms length with and are not affiliated with Petroflow or Reorganized NAPCUS and hold their Petroflow Interests as capital property and will hold their Reorganized NAPCUS Common Stock as capital property or hold their Claims against Petroflow as Canadian Holders as described under "Holders of Class 3 Petroflow General Unsecured Claims". The Petroflow Interests and the Reorganized NAPCUS Common Stock will generally be considered to be capital property to a holder unless either the holder holds (or will hold) such securities in the course of carrying on a business, or the Holder of Petroflow Interests has acquired (or will acquire) such securities in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to (a) a Holder an interest in which is a "tax shelter investment" as defined in the ITA, (b) a Holder that is a "financial institution" for purposes of the "mark-to-market" rules as defined in the ITA, (c) a Holder that is a "specified financial institution" as defined in the ITA, (d) a Holder that has made the "functional currency" reporting election, or (e) a Holder in relation to which NAPCUS or Reorganized NAPCUS is a "foreign affiliate" as defined in the ITA. Such Holders should consult with their own tax advisors.

Except as specifically discussed below, this discussion assumes that Holders of Petroflow Interests or Claims hold only Petroflow Interests or Claims in a single Class. Holders of Petroflow Interests or Claims should

consult their tax advisors as to the effect such ownership may have on the Canadian federal income tax consequences described below.

This discussion assumes that the various debt and other arrangements to which Debtors are a party will be respected for Canadian federal income tax purposes in accordance with their form.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. IT IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS RELEVANT TO A PARTICULAR HOLDER OF A PETROFLOW INTEREST OR CLAIM. THE PLAN PROPONENTS AND THEIR COUNSEL AND FINANCIAL ADVISORS ARE NOT MAKING REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO THE PLAN ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING ALL OF THE TAX CONSEQUENCES OF THE PLAN, INCLUDING ANY TAX CONSEQUENCES NOT SPECIFICALLY REFERRED TO HEREIN UNDER CANADIAN FEDERAL OR PROVINCIAL TAX LAWS.

For purposes of the ITA, all amounts, including cost, proceeds of disposition, interest or dividends received and accrued must be determined in Canadian currency at applicable exchange rates as determined in accordance with the ITA. The amount of interest and any capital gain or capital loss of a Holder may be affected by fluctuations in Canadian dollar exchange rates.

1. Holders of Class 5A Petroflow Emergence Interests.

a. Residents of Canada Under the ITA.

A holder of a Class 5A Interest who is a resident of Canada for purposes of the ITA may be treated as having received a deemed dividend on a Petroflow Interest cancelled under the Plan to the extent the fair market value of the share of Reorganized NAPCUS Common Stock exceeds the paid up capital of the Petroflow Share as computed under the ITA. The Debtors believe the paid up capital of a Petroflow Interest exceeds the fair market value of a share of Reorganized NAPCUS Common Stock such that no deemed dividend is expected to arise, as further set forth in, "Treatment of Dividends – *Residents of Canada under the ITA*" below. Any deemed dividend would be excluded from proceeds of disposition for purposes of computing any capital gain (or loss) on the cancellation and deemed disposition of a Petroflow Share, as further set forth in "Taxation of Capital Gains and Losses – *Residents of Canada under the ITA*" below. The adjusted cost base of a share of Reorganized NAPCUS Common stock would be the fair market value of such share. To the extent the fair market value of a Share of Reorganized NAPCUS Common Stock less any deemed dividend received by a Holder exceeds (or is less than) the adjusted cost base to the Holder of the cancelled Petroflow Share, a capital gain (or loss) may be realized.

In the event the Reorganized NAPCUS Common Stock does not become property of Petroflow prior to Petroflow being dissolved, Holders of Class 5A Interests, instead of being treated as described in the preceding paragraph, may be treated as having disposed of their Petroflow Interest comprising such interest on the cancellation and deemed disposition of such Interests. A capital gain or loss may result computed with reference to the fair market value of the Reorganized NAPCUS Common Stock received pursuant to the Plan in exchange for such Petroflow Interests. The adjusted cost base of a share of Reorganized NAPCUS Common Stock would be the fair market value of such share. To the extent the fair market value of a share of Reorganized NAPCUS Common Stock received by a Holder exceeds (or is less than) the adjusted cost base to the Holder of the cancelled Petroflow Share, a capital gain (or loss) may be realized, as further set forth in "Taxation of Capital Gains and Losses – *Residents of Canada under the ITA*" below.

b. Non-Residents of Canada Under the ITA.

A Holder of a Class 5A Interest who is not a resident of Canada for purposes of the ITA may be treated as having received a deemed dividend on a Petroflow Interest to the extent the fair market value of a share of Reorganized NAPCUS Common Stock exceeds the paid up capital of the Petroflow Share as computed under the

ITA. The Debtors believe the paid up capital of a Petroflow Interest exceeds the fair market value of a share of Reorganized NAPCUS Common Stock such that no deemed dividend is expected to arise, as set forth in *"Residents of Canada under the ITA*" above and "Treatment of Dividends – *Non-Residents of Canada under the ITA*," below. Such non-resident Holders are not expected to have any income tax consequences under the ITA relating to the cancellation and deemed disposition of their Petroflow Interest. Non-residents are not subject to tax under the ITA on the disposition of a share of a corporation unless at any time during the 60-month period preceding the disposition more than 50% of the fair market value of the share was derived directly or indirectly from certain property (including real property and resource property) situated in Canada. It is believed that at all times throughout the relevant period including the date of dissolution of Petroflow, less than 50% of the fair market value of the Petroflow Interests will have been derived directly or indirectly from property situated in Canada.

2. Holders of Class 5B Petroflow Other Interests.

a. Residents of Canada under the ITA.

A holder of a Class 5B Interest may be treated as having disposed of the Petroflow Interests comprising such interest on the cancellation of such Interests. A capital gain or loss may result computed with reference to the fair market value of the Reorganized NAPCUS Common Stock or cash to be received pursuant to the Plan in exchange for such Petroflow Interests.

It is unclear what the amount of proceeds and timing of the disposition would be. Holders of Class 5B Interests should consult their tax advisors regarding the Canadian income tax consequences under the ITA of the cancellation of their Petroflow Other Interests in exchange for Reorganized NAPCUS Common Stock or Cash pursuant to the Plan. It is believed unlikely the deemed dividend provisions referred to under "Holders of Class 5A Petroflow Emergence Interests – Non-Residents of Canada under the ITA" above would apply to Petroflow Other Interests.

3. Non-Residents of Canada under the ITA

A Holder of a Class 5B Interest who is not a resident of Canada for purposes of the ITA is not expected to have any Canadian income tax consequences under the ITA.

4. Treatment of Dividends

a. Residents of Canada under the ITA

Any deemed dividend received on a Petroflow Interest by a Holder who is a resident of Canada for purposes of the ITA will be included in the recipient's income for purposes of the ITA. Any deemed dividend received by an individual (including a trust) will be subject to the gross-up and dividend tax credit rules in the ITA. Any deemed dividend received by a corporation will be included in computing the corporation's income and will generally be deductible in computing the corporation's taxable income. A holder that is throughout the relevant taxation year a Canadian-controlled private corporation may be liable to pay an additional refundable tax of 6⅔% on such deemed dividend.

b. Non-Residents of Canada under the ITA

Any deemed dividend received on a Petroflow Interest by a Holder who is not a resident of Canada for purposes of the ITA will be subject to a non-resident withholding tax under the ITA at a rate of 25% subject to reduction under the provisions of any applicable income tax treaty or convention. The current Canada-U.S. Tax Treaty provides for a reduction of the withholding tax on dividends under the ITA in accordance with prescribed conditions to a rate of 15% for individuals and 5% for certain corporations.

5. Taxation of Capital Gains and Capital Losses

a. Residents of Canada under the ITA

Generally one-half of any capital gain (a "taxable capital gain") realized in a taxation year will be included in a Holder's income for the year, and one-half of the amount of any capital loss (an "allowable capital loss")

realized in a taxation year is deducted from income for the year to the extent of any taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may generally be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the ITA.

A Holder that throughout the taxation year is a "Canadian-controlled private corporation" (as defined in the ITA) may be liable to pay an additional refundable tax of 6⅔% on certain investment income, including an amount in respect of taxable capital gains.

b. Non-Residents of Canada under the ITA

Holders of Class 5A or 5B Interests who are not residents of Canada for purposes of the ITA are not expected to be subject to tax under the ITA for any capital gain or loss relating to the cancellation and deemed disposition of their Petroflow Interests. See, however "Treatment of Dividends – *Non-Residents of Canada under the ITA*," above.

6. Tax Consequences of Holding and Disposing of Reorganized NAPCUS Common Stock

a. Residents of Canada under the ITA

Dividends, if any, received on share of Reorganized NAPCUS Common Stock by a Holder who is a resident of Canada for purposes of the ITA will be required to be included in computing the Holder's income for the purposes of the ITA. Such dividends received by a Holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the ITA. A Holder that is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income. A Holder that is throughout the relevant taxation year a Canadian-controlled private corporation may be liable to pay an additional refundable tax of 6⅔% on such dividends. Subject to the detailed rules in the ITA, a Holder may be entitled to a foreign tax credit or deduction for any foreign withholding tax paid with respect to dividends received on account of Reorganized NAPCUS Common Stock acquired pursuant to the Plan.

A Holder who is a resident of Canada for purposes of the ITA will be considered to have acquired any Reorganized NAPCUS Common Stock received under the Plan at a cost equal to its fair market value on the Effective Date. Such a Holder who holds Reorganized NAPCUS Common Stock as capital property will generally realize a capital gain (or capital loss) on the disposition or deemed disposition of such Reorganized NAPCUS Common Stock equal to the amount, if any, by which the Holder's proceeds of disposition of such Reorganized NAPCUS Common Stock, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Reorganized NAPCUS Common Stock to the Holder immediately before the disposition. The general tax consequences to a Holder of realizing a capital gain or capital loss are described above under "Taxation of Capital Gains and Capital Losses – *Residents of Canada under the ITA*." The Holder may be entitled to claim a foreign tax credit or deduction in respect of any foreign tax payable by the Holder on any capital gain realized on such disposition or deemed disposition.

7. Holders of Class 3 Petroflow General Unsecured Claims

The following discussion identifies certain Canadian federal income tax considerations that are relevant to Canadian Holders of Claims against Petroflow under the Plan. For purposes of the following discussion, the term "Canadian Holder" means a Holder of a Claim or Interest that, for purposes of the ITA, (i) is resident or deemed resident in Canada and (ii) deals at arm's length with and is not affiliated with any Debtors and whose Claim arose in the course of a business carried on by such Holder and who has included an amount in income for the year or a previous year in respect of such Claim. This discussion is not applicable to a Canadian Holder that is a "financial institution" as defined in the ITA for purposes of the mark-to-market rules.

The Canadian income tax consequences to a Canadian Holder of receiving Reorganized NAPCUS Series C Convertible Preferred Stock in satisfaction of a Claim will depend on such Holder's particular circumstances, including the method regularly followed in computing income for tax purposes and whether it has previously claimed a bad or doubtful debt deduction in respect of such Claim. A Canadian Holder will be treated as having

received payment of a Claim of an amount equal to the fair market value of the Reorganized NAPCUS Series C Convertible Preferred Stock received pursuant to the Plan.

A Canadian Holder who receives Reorganized NAPCUS Series C Convertible Preferred Stock in satisfaction of a Claim may realize ordinary income or loss to the extent that any portion of such consideration is characterized as interest. The income tax consequences arising as a result of the non-payment of interest owing to a Canadian Holder will be dependent on the particular circumstances of the Canadian Holder, including the method followed in computing income for tax purposes and whether it has previously claimed a bad or doubtful debt deduction has previously been claimed in respect of such interest.

Where a Canadian Holder has previously claimed a bad or doubtful debt deduction in respect of a Claim receives Reorganized NAPCUS Series C Convertible Preferred Stock in satisfaction of such Claim, the Canadian Holder may be required to include in computing its income (in the taxation year in which such shares are received) an amount equal to the fair market value of the Reorganized NAPCUS Series C Convertible Preferred Stock received pursuant to the Plan.

It is the administrative position of the Canada Revenue Agency that where a share such as a Preferred C Share is accepted by a Canadian Holder in settlement of a trade debt of a kind that would qualify for a deduction under paragraph 20(1)(p) of the ITA, and the fair market value of the share at the time it is acquired is less than the amount of the trade debt, the difference will be deductible by the Canadian Holder as a bad debt.

It is also the administrative position of the Canada Revenue Agency that where a trade debt is satisfied by the issuance of a share, if the share is retained by the taxpayer for a period of time which, in the circumstances, indicates that it was held as an investment, any subsequent disposition will be considered to be a disposition of a capital property and will be subject to the rules relating to capital gains and capital losses, as set forth in "Taxation of Capital Gains and Capital Losses – "*Residents of Canada under the ITA*" above. However, if the property is disposed of in circumstances indicating the taxpayer did not have an intention of retaining it as an investment, then the profit or loss arising on the disposition will constitute income or loss from business.

8. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN CANADIAN INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES OF THE PLAN ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE CANADIAN FEDERAL, PROVINCIAL, TERRITORIAL AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

9. Reservation of Rights

The foregoing discussion of Canadian tax consequences is subject to change (possibly substantially) based on subsequent changes to other provisions of the Plan. The Debtors and their advisors reserve the right to further modify, revise or supplement this Article XI and other tax related sections of the Plan up to ● days prior to the date by which objections to confirmation of the Plan must be filed and served.

THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE XII

GLOSSARY OF DEFINED TERMS

For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (e) unless otherwise stated, the words "herein," "hereof" and ''hereto'' refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

Unless the context otherwise requires, the following terms will have the following meanings when used in capitalized form herein.

A. DEFINED TERMS.

"*382(l)(6) Exception*" means 26 I.R.C. § 382(l)(6).

"*Accrued but Untaxed Interest*" means interest that has accumulated since principal investment or since the previous interest payment if there has been one already, that has not been paid or taxed.

"*Acquisition Event*" means: (a) any merger, consolidation or other business combination in which the stockholders of Reorganized NAPCUS immediately prior to the merger, consolidation or other business combination will own less than a majority of the outstanding voting power of the outstanding equity interests of the surviving entity or its parent; (b) any transaction or series of related transactions that results in the assignment, transfer, conveyance or other disposition, in each case, by then existing holders of Reorganized NAPCUS capital stock of 50% or more of Reorganized NAPCUS' outstanding capital stock to a single person or entity or to a group of persons and/or entities acting in concert; (c) any sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of Reorganized NAPCUS and its subsidiaries, taken as a whole except where such sale, transfer, conveyance or other disposition is to a subsidiary of Reorganized NAPCUS; or (d) any voluntary or involuntary liquidation, dissolution or winding up of the affairs of Reorganized NAPCUS or the adoption of a plan relating to the liquidation, dissolution or winding up of the affairs of Reorganized NAPCUS.

"*Administrative Claim*" means a Claim for costs and expenses of administration pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors; (b) Allowed Fee Claims; and (c) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code.

"*Administrative Claim Bar Date*" means the deadline for filing requests for payment of Administrative Claims, which shall be 30 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court, except with respect to Professional Fee Claims.

"*Adversary Proceedings*" means, collectively, (a) the adversary proceeding commenced by the Debtors against Equal Energy, which was docketed with the Bankruptcy Court as N. Am. Petroleum Corp. USA v. Equal Energy U.S. Inc. et al. (In re N. Am. Petroleum Corp. USA), Adv. Case No. 10-51675 Case No. 10-51624 (CSS) (Bankr. D. Del.); and (b) the adversary proceeding commenced by the Prepetition Lenders against the Debtors and Equal Energy, which has been docketed with the Bankruptcy Court as Compass Bank et al. v. N. Am. Petroleum Corp. USA (In re N. Am. Petroleum Corp. USA), Adv. Case No. 10-51624 Case No. 10-11707 (CSS) (Bankr. D. Del.).

"*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

"*Allowed*" means, except as otherwise provided herein: (a) a Claim or Interest that is (i) listed in the Schedules as of the Effective Date as not disputed, not contingent, and not unliquidated, or (ii) evidenced by a valid Proof of Claim, filed by the applicable Bar Date and as to which the Debtors or other parties in interest have not filed an objection to the allowance thereof within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (b) a Claim that is Allowed pursuant to the Plan or any stipulation approved by, or Final Order of, the Bankruptcy Court..

"*AMT*" means alternative minimum tax.

"*Avoidance Actions*" means any and all avoidance, recovery, subordination, or other actions or remedies that may be brought on behalf of the Debtors or their Estates under the Bankruptcy Code or applicable non-bankruptcy law, including actions or remedies under sections 544, 547, 548, 550, 551, 552, or 553 of the Bankruptcy Code.

"*Ballots*" means the ballots accompanying the Disclosure Statement, upon which certain Holders of Impaired Claims entitled to vote shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process, and which must be actually received on or before the Voting Deadline.

"*Bankruptcy Code*" means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as may be amended from time to time.

"*Bankruptcy Court*" means the United States Bankruptcy Court for the District of Delaware or such other court having jurisdiction over the Chapter 11 Cases.

"*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure as applicable to the Chapter 11 Cases and the general, local, and chambers rules of the Bankruptcy Court.

"*Bar Date*" means, as applicable, (a) November 22, 2010 for all Persons or Entities other than Governmental Units, (b) the Government Bar Date, or (c) such other date specifically fixed by an order of the Bankruptcy Court for filing Proofs of Claim.

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

"*Canadian Holder*" means a holder of a Claim or Interest that, for purposes of the ITA, (i) is resident or deemed resident in Canada and (ii) deals at arm's length with and is not affiliated with any Debtors and whose Claim arose in the course of a business carried on by such Holder and who has included an amount in income for the year or a previous year in respect of such Claim.

"*Canada Revenue Agency*" means the tax revenue agency of Canada.

"*Canadian Proceeding*" means that proceeding commenced when Petroflow Energy Ltd. filed for creditor protection under the Companies' Creditors Arrangement Act (Canada), as amended, in the Court of Queen's Bench of Alberta, Judicial Centre Calgary in connection with its chapter 11 filing, administered under court file number 1001-13659.

"*Canadian Provinces*" means the provinces of: Alberta, Canada; British Columbia, Canada; and Ontario, Canada.

"*Canadian Recognition Order*" means an order in the Canadian Proceeding recognizing and giving full effect to the Plan.

"*Cash*" means the legal tender of the United States of America or the equivalent thereof, including bank deposits and checks.

"*Causes of Action*" means any and all claims, actions, causes of action, choses in action, suits, debts, damages, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and crossclaims (including all claims and any avoidance, recovery, subordination, or other actions against Insiders and/or any other Entities under the Bankruptcy Code, including Avoidance Actions) of any of the Debtors, the debtors in possession, and/or the Estates (including those actions set forth in the Plan Supplement), whether known or unknown, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, that are or may be pending on the Effective Date or commenced by Reorganized NAPCUS after the Effective Date against any Entity, based in law or equity, including under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise and whether asserted or unasserted as of the date of entry of the Confirmation Order.

"*CCAA*" means the Companies' Creditors Arrangement Act (Canada), as amended.

"*Certificate*" means any instrument evidencing a Claim or an Interest.

"*Chapter 11 Cases*" means the jointly administered chapter 11 cases commenced by the Debtors, with case numbers 10-11707, 10-11708, and 10-12608, and styled *In re North American Petroleum Corporation USA, et al.*, Case No. 10-11707 (CSS), which are currently pending before the Bankruptcy Court.

"*Claim*" has the meaning set forth in section 101(5) of the Bankruptcy Code.

"*Claims and Solicitation Agent*" means Epiq Bankruptcy Solutions, LLC, located at 757 Third Avenue, New York, New York, 10017, retained as the Debtors' claims and solicitation agent by order of the Bankruptcy Court dated May 28, 2010, entitled *Order Authorizing the Employment and Retention of Epiq Bankruptcy Solutions, LLC as Notice, Claims and Balloting Agent* [Docket No. 26]

"*Claims Register*" means the official register of Claims maintained by the Claims and Solicitation Agent.

"*Class*" means a category of Holders of Claims or Interests as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code.

"*Compensation and Benefit Claims*" means any and all Claims arising on account of, or relating to, the Compensation and Benefits Programs assumed pursuant to Section 5.6 of the Plan.

"*Compensation and Benefits Programs*" means all employment and severance agreements and policies, and all compensation and benefits plans, policies, and programs of the Debtors, and all amendments and modifications thereto, applicable to the Debtors' employees, former employees, retirees and non-employee directors and the employees, former employees and retirees of their subsidiaries, including, without limitation, all savings plans, retirement plans, health care plans, disability plans, severance benefit agreements and plans, incentive plans, deferred compensation plans and life, accidental death and dismemberment insurance plans.

"*Completion Fee*" means a fee of $1.0 million earned by and payable to Kinetic Advisors LLC, the Debtors' financial advisors, on the Effective Date.

"*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

"*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

"Confirmation Hearing" means the hearing(s) before the Bankruptcy Court at which the Debtors seek entry of the Confirmation Order.

"*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

"*Consummation*" means the occurrence of the Effective Date.

"*Creditor*" has the meaning set forth in section 101(10) of the Bankruptcy Code.

"*Creditors' Committee*" means the Official Committee of Unsecured Creditors appointed pursuant to section 1102 of the Bankruptcy Code by the United States Trustee for the District of Delaware on June 24, 2010 [Docket No. 83], as it may be reconstituted from time to time.

"*Cure*" means a Claim based upon a Debtor's defaults under an Executory Contract or Unexpired Lease assumed by such Debtor pursuant to section 365 of the Bankruptcy Code.]

"*Debtors*" means each of the following Entities, collectively, North American Petroleum Corporation USA, Prize Petroleum LLC, and Petroflow Energy Ltd.

"*Depository*" means a securities depository system, including The Depository Trust Company and CDS Clearing and Depository Services Inc. and their respective successors and assigns.

"*Determination Date*" means any date for payment of Allowed Petroflow Other Interests, as determined by the board of directors or other governing body of Reorganized NAPCUS, but in no event later than the second anniversary of the Effective Date, on which one of the following events occurs: (a) Reorganized NAPCUS is able to fulfill (as determined by the board of directors or other governing body of Reorganized NAPCUS), or has obtained an exemption from, any applicable public reporting or registration requirements under applicable United States securities laws and regulations and Canadian securities laws and regulations (including filing a non-offering or other prospectus and obtaining a final receipt thereof to become a reporting issuer or its equivalent in the applicable Canadian jurisdictions) which may arise from the issuance of Reorganized NAPCUS Common Stock to holders of Petroflow Other Interests on, or as soon as practicable following, such date; (b) the Reorganized NAPCUS Board determines, in its discretion, to no longer defer distributions of Reorganized NAPCUS Common Stock to holders of Allowed Petroflow Other Interests; (c) an Acquisition Event occurs; (d) Reorganized NAPCUS declares or approves payment of any cash dividends or other cash distributions on then existing shares of Reorganized NAPCUS Common Stock; or (e) at any time, in lieu of issuing Reorganized NAPCUS Common Stock to holders of Petroflow Other Interests, Reorganized NAPCUS elects to pay Cash to such holders on account of their Petroflow Other Interests in an amount equal to the fair value (as determined pursuant to Section 6.3) of the Reorganized NAPCUS Common Stock such holders would have otherwise received; provided, however that, notwithstanding the foregoing, a "Determination Date" will not occur as a result of: (i) any repurchase by Reorganized NAPCUS or any of its subsidiaries of any shares of capital stock or any security convertible into capital stock in connection with any employee's termination of employment; (ii) any dividend or other distribution in exchange for, or out of the proceeds of a capital contribution or a substantially concurrent offering of, shares of Reorganized NAPCUS capital stock; (iii) any dividend or other distribution on any class or series of preferred stock of Reorganized NAPCUS; (iv) the repurchase of capital stock deemed to occur upon the exercise of options or warrants if such capital stock represents all or a portion of the exercise price thereof or payments in lieu of the issuance of fractional shares of capital stock or withholding to pay for taxes payable by such employee upon such grant or award; or (v) any non-cash dividends or non-cash distributions on Reorganized NAPCUS Common Stock.

"*Determination Date Distribution*" means the distributions required to be made by Reorganized NAPCUS to holders of Petroflow Other Interests on account of their Petroflow Other Interests on the Determination Date or as soon as practicable thereafter in accordance with the terms of the Plan and the Reorganized NAPCUS Charter,

consisting of, at the option of Reorganized NAPCUS: (a) one share of Reorganized NAPCUS Common Stock for every one share of Petroflow Interests held by such holders as of the Distribution Record Date; provided, that such distribution shall be subject to dilution by conversion of Reorganized NAPCUS Convertible Preferred Stock and the Management Equity Plan; or (b) Cash in an amount equal to the fair value, as of the Determination Date and as determined pursuant to Section 6.3, of the Reorganized NAPCUS Common Stock such holders would have otherwise received pursuant to clause (a) of this paragraph; provided, however that, notwithstanding anything to the contrary in this paragraph, in the event an Acquisition Event occurs, distributions to holders of Petroflow Other Interests on account of their Petroflow Other Interests shall be made in the same form and amount of consideration payable to the holders of Reorganized NAPCUS Common Stock existing immediately before the Acquisition Event occurs (or if such consideration is not cash, at Reorganized NAPCUS's option, in cash in an amount equal to the fair value as of the Determination Date (and as determined pursuant to Section 6.3) of such non-cash consideration).

"*Disclosure Statement*" means this disclosure statement for the Plan, supplemented or modified from time to time, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

"*Disclosure Statement Order*" means the Final Order approving this Disclosure Statement, among other things.

"*Disputed Claim*" means any Claim that is not Allowed.

"*Distribution Agent*" means Reorganized NAPCUS, the Claims and Solicitation Agent or the Entity or Entities selected by Reorganized NAPCUS, as applicable, to make or to facilitate distributions pursuant to the Plan.

"*Distribution Date*" means the date or dates determined by the Debtors or Reorganized NAPCUS, in their sole discretion, on or after the Effective Date, upon which the Distribution Agent shall make distributions to holders of Allowed Claims entitled to receive distributions under the Plan.

"*Distribution Record Date*" means the date for determining which holders of Allowed Claims are eligible to receive distributions hereunder, which shall be (a) the Confirmation Date or (b) such other date as designated in a Bankruptcy Court order.

"*Effective Date*" means the date that is the first Business Day after the Confirmation Date on which all conditions precedent to the Effective Date have been satisfied or waived.

"*Entity*" has the meaning set forth in section 101(15) of the Bankruptcy Code.

"*Equal Energy*" means, collectively, Equal Energy U.S. Inc. (f/k/a Enterra Acquisition Corp. and successor in interest to Altex Energy Corporation) and its related affiliates.

"*Equity Committee*" means the Official Committee of Equity Security holders appointed pursuant to section 1102 of the Bankruptcy Code by the United States Trustee for the District of Delaware on May 4, 2011 [Docket No. 800], as it may be reconstituted from time to time.

"*Equity Security*" has the meaning set forth in section 101(16) of the Bankruptcy Code.

"*Estate*" means the bankruptcy estate of any Debtor created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

"*Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a–78oo, as amended, the rules and regulations promulgated thereunder, and any similar federal, state or local law.

"*Exculpated Claim*" means any Claim related to any act or omission in connection with, relating to, or arising out of the Debtors' in or out of court restructuring efforts, the Chapter 11 Cases, formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement or Plan or any contract, instrument, release, or other

agreement or document created or entered into in connection with the Disclosure Statement or Plan, the preparation for and filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, or the distribution of property under the Plan or any other agreement.

"*Exculpated Party*" means each of the following in its capacity as such: (a) the Debtors; (b) Reorganized NAPCUS; (c) the Released Parties; (d) with respect to each of the foregoing Entities in clauses (a) through (c), such Entities' successors and assigns; and (e) with respect to each of the foregoing Entities or Persons in clauses (a) through (d), such Entities' or Persons' subsidiaries, affiliates, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other Professionals.

"*Executory Contract*" means a contract or lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

"*Fee Claim*" means a Claim for Accrued Professional Compensation.

"*File*," "*Filed*" or "*Filing*" means file, filed, or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

"*Final Decree*" means the decree contemplated under Bankruptcy Rule 3022.

"*Final Order*" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment could be appealed or from which certiorari could be sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order, or has otherwise been dismissed with prejudice.

"*Forrest Garb*" means Forrest A. Garb & Associates, Inc., a geological and petroleum engineering consulting firm.

"*Forrest Garb Report*" means the analysis of the Debtors' oil and natural gas reserves prepared and provided by Forrest Garb.

"General Unsecured Claim" means any Claim other than Administrative Claims, Fee Claims, Secured Claims, Priority Tax Claims, Other Priority Claims, and Intercompany Claims.

"*Global Settlement*" means the agreements, and transactions contemplated in, collectively, (a) that certain Purchase and Sale Agreement dated as of April 25, 2011, by and between North American Petroleum Corporation, USA, Prize Petroleum LLC, Petroflow Energy Ltd., and Equal Energy US Inc., and (b) that certain Settlement and Mutual Release Agreement dated as of April 25, 2011 by and between North American Petroleum Corporation, USA, Prize Petroleum LLC, Petroflow Energy Ltd., Equal Energy US Inc., Equal Energy Ltd., Texas Capital Bank, N.A. and Compass Bank, as each of (a) and (b) were approved in that certain *Order Approving Settlement Agreement and Asset Transfer* [Docket No. 832] entered by the Bankruptcy Court on May 17, 2011.

"*Government Bar Date*" means November 22, 2010 in connection with the filing of Proofs of Claim against either of North American Petroleum Corporation USA or Prize Petroleum LLC, and February 17, 2011 in connection with the filing of Proofs of Claim against Petroflow Energy Ltd.

"*Governmental Unit*" has the meaning set forth in section 101(27) of the Bankruptcy Code.

"*Holder*" means any Entity holding a Claim or an Interest.

"*Impaired*" means, with respect to any Class of Claims or Interests, a Claim or Interest that is not Unimpaired.

"*Impaired Class*" means an impaired Class within the meaning of section 1124 of the Bankruptcy Code.

"*Indemnification Obligation*" means a Debtor's obligation under an Executory Contract, or corporate or other document, or otherwise to indemnify directors, officers, or employees of the Debtors who served in such capacity at any time, with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, pursuant to and to the maximum extent provided by the Debtors' respective articles of incorporation, certificates of formation, bylaws, similar corporate documents, and applicable law, as in effect as of the Effective Date.

"*Insider*" has the meaning set forth in section 101(31) of the Bankruptcy Code.

"*Intercompany Claim*" means a Claim by a Debtor against another Debtor.

"*Intercompany Contract*" means a contract between or among two or more Debtors.

"*Intercompany Interest*" means an Interest held by a Debtor in another Debtor.

"*Interest*" means any Equity Security of a Debtor existing immediately prior to the Effective Date.

"*Interim Compensation Order*" means the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members*, entered by the Bankruptcy Court on June 21, 2010 [Docket No. 75].

"*Investors*" means those parties to the Investment Agreements who under the Investment Agreement are obligated by the Investment Commitment.

"*Investment Agreements*" means, collectively, those agreements by and between the Debtors and the Investors memorializing the Investment Commitment, included as part of the Plan Supplement.

"*Investment Commitment*" means the obligation of the Investors, severally and not jointly, to subscribe for and purchase, or cause one or more of their affiliates to subscribe for and purchase, Reorganized NAPCUS Series A Convertible Preferred Stock in an aggregate amount equal to $3.0 million, as set forth in the Investment Agreements.

"*IRS*" means the U.S. Internal Revenue Service.

"*ITA*" means the Canadian Income Tax Act, RSC 1985.

"*Lien*" has the meaning set forth in section 101(37) of the Bankruptcy Code.

"*Liquidation Analysis*" means the liquidation analysis set forth in Exhibit D hereto.

"*Management Equity Plan*" means that certain management equity plan for the benefit of Reorganized NAPCUS management, the terms of which are described herein (and supplemented or otherwise described, if at all, in the Plan Supplement).

"*NAPCUS*" means North American Petroleum Corporation USA.

"*NOL*" means net operating loss.

"*Other Priority Claim*" means any Claim other than an Administrative Claim or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

"*Person*" has the meaning set forth in section 101(41) of the Bankruptcy Code.

"*Petition Date*" means May 25, 2010 with respect to North American Petroleum Corporation USA and Prize Petroleum LLC, and August 20, 2010 with respect to Petroflow Energy Ltd.

"*Petroflow*" means Petroflow Energy Ltd.

"*Petroflow Emergence Interests*" means shares of Petroflow Interests that are held by any holder of Petroflow Interests, as of the Distribution Record Date, in an aggregate amount equal to or more than the Petroflow Interests Threshold Amount.

"*Petroflow Interests*" means Interests in Petroflow Energy Ltd.

"*Petroflow Interests Threshold Amount*" means 250,000 shares of Petroflow Energy Ltd. common stock, or such other number of such shares as determined by the Debtors, such that (after giving effect to distributions of Reorganized NAPCUS Common Stock made on, or as soon as practicable after, the Effective Date but prior to the Determination Date) Reorganized NAPCUS has, and determines it will continue to have, no more than 300 Record Holders holding Reorganized NAPCUS Common Stock (on an as converted basis) and no more than 51 beneficial holders in Canada (with no more than 15 beneficial holders in each of the jurisdictions of Canada) holding Reorganized NAPCUS Common Stock (on an as converted basis).

"*Petroflow Other Interests*" means shares of Petroflow Interests that are held by any holder of Petroflow Interests in an aggregate amount less than the Petroflow Interests Threshold Amount.

"*Plan*" means the Debtors' joint chapter 11 plan of reorganization as may be altered, amended, modified, or supplemented from time to time, including the Plan Supplement and all exhibits, supplements, appendices, annexes, and/or schedules thereto, all of which are incorporated into the Plan by reference.

"*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, including the Investment Agreements, forms of the Reorganized NAPCUS Charter and Reorganized NAPCUS Bylaws, a list of retained causes of action, a summary of the Management Equity Plan, a list of contracts and leases to be rejected, a list of contracts and leases to be assumed (with proposed cure amounts), a list of members of the Reorganized NAPCUS Board, to the extent known, and other disclosures pursuant to section 1129(a)(5) of the Bankruptcy Code, to be filed by the Debtors no later than ten days prior to the Voting Deadline or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement.

"*Pre-Change Losses*" means any remaining NOL and tax credit carryovers and, possibly, certain other tax attributes of Reorganized NAPCUS allocable to the periods prior to the Effective Date.

"*Prepetition Credit Facility*" means the senior secured credit facility pursuant to the Prepetition Credit Facility Agreement.

"*Prepetition Credit Facility Administrative Agent*" means, collectively, Texas Capital Bank, N.A. and Compass Bank, as successor to Guaranty Bank, FSB, or their respective successors, in their capacity as co-administrative agents under the Prepetition Credit Facility Agreement.

"*Prepetition Credit Facility Agreement*" means the credit agreement, dated August 25, 2005 (as amended, supplemented or otherwise modified from time to time and as in effect prior to the Petition Date), with Texas Capital Bank, N.A., as administrative agent, and Guaranty Bank, FSB, as co-agent, on behalf of the lender parties thereto.

"*Prepetition Lenders*" means the lenders under the Prepetition Credit Facility.

"*Priority Claim*" means, collectively, Priority Tax Claims and Other Priority Claims.

"*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

"*Prize*" means Prize Petroleum LLC

"*Pro Rata*" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class.

"*Professional*" means an Entity: (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Effective Date, pursuant to sections 327, 328, 329, 330, and 331 of the Bankruptcy Code or (b) for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

"*Professional Fee Escrow Account*" means an interest-bearing account in an amount equal to the Professional Fee Reserve Amount and funded by the Debtors on the Effective Date.

"*Professional Fee Reserve Amount*" means that amount estimated in accordance with Section 9.2 of the Plan.

"*Projections*" means the prepared financial projections for the fiscal years 2011 through 2014, which are attached as Exhibit E.

"*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

"*Record Holder*" means the owner of record of shares of stock (as determined in accordance with United States securities laws and regulations).

"*Regulations*" means the U.S. Treasury regulations promulgated under the Tax Code.

"*Released Party*" means each of the following in its capacity as such: (a) the Debtors' and Reorganized NAPCUS's current and former affiliates, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, and representatives; (b) the Investors; (c) the Creditors' Committee and the members thereof; (d) the Equity Committee and members thereof; and (g) with respect to each of the foregoing Entities or Persons in clauses (b) through (d), their respective current and former affiliates, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other Professionals.

"*Releasing Party*" means each of the following in its capacity as such: (a) the Investors; (b) the Creditors' Committee and the members thereof; (c) the Equity Committee and members thereof; and (d) each holder of a Claim or Interest who has voted to accept the Plan and did not check the box on the applicable Ballot indicating that it opts not to grant the releases provided in the Plan.

"*Reorganized NAPCUS*" means North American Petroleum Corporation USA or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

"*Reorganized NAPCUS Board*" means the board of directors of Reorganized NAPCUS as of the Effective Date.

"*Reorganized NAPCUS Bylaws*" means the bylaws of Reorganized NAPCUS, substantially in the form contained in the Plan Supplement.

"*Reorganized NAPCUS Charter*" means the amended and restated certificate of incorporation of Reorganized NAPCUS, substantially in the form contained in the Plan Supplement.

"*Reorganized NAPCUS Common Stock*" means newly-issued shares of common stock of Reorganized NAPCUS.

"*Reorganized NAPCUS Convertible Preferred Stock*" means, collectively, the Reorganized NAPCUS Series A Convertible Preferred Stock, the Reorganized NAPCUS Series B Convertible Preferred Stock, and the Reorganized NAPCUS Series C Convertible Preferred Stock.

"*Reorganized NAPCUS Series A Convertible Preferred Stock*" means shares of convertible preferred stock of Reorganized NAPCUS, par value $0.01 per share, convertible to shares of Reorganized NAPCUS Common Stock with terms substantially consistent with the term sheets attached to the Investment Agreements, and as set forth in the Reorganized NAPCUS Charter. Reorganized NAPCUS Series A Convertible Preferred Stock will rank senior and have priority over Reorganized NAPCUS Series B Convertible Preferred Stock and Reorganized NAPCUS Series C Convertible Preferred Stock.

"*Reorganized NAPCUS Series B Convertible Preferred Stock*" means shares of convertible preferred stock of Reorganized NAPCUS, par value of $0.01 per share, convertible to shares of Reorganized NAPCUS Common Stock with terms as set forth in the Reorganized NAPCUS Charter. Reorganized NAPCUS Series B Convertible Preferred Stock will rank senior and have priority over Reorganized NAPCUS Series C Convertible Preferred Stock.

"*Reorganized NAPCUS Series C Convertible Preferred Stock*" means shares of convertible preferred stock of Reorganized NAPCUS, par value of $0.01 per share, convertible to shares of Reorganized NAPCUS Common Stock with terms as set forth in the Reorganized NAPCUS Charter.

"*SEC*" means the United States Securities and Exchange Commission.

"*Schedules*" means the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code and the Bankruptcy Rules.

"*Secured*" means, when referring to a Claim: (a) secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or which is subject to setoff pursuant to section 553 of the Bankruptcy Code to the extent of the value of the creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) otherwise Allowed pursuant to the Plan as a Secured Claim.

"*Secured Claim*" means a Claim, other than a Claim that as of the Effective Date has been released and discharged in accordance with a settlement approved by the Bankruptcy Court by Final Order pursuant to Bankruptcy Rule 9019, (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

"*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, or any similar federal, state, or local law.

"*Security*" has the meaning set forth in section 2(a)(1) of the Securities Act.

"*Solicitation*" means solicitation of votes on the Plan.

"*Solicitation Package*" consists of the documents set forth in Article I.E. herein.

"*Tax Code*" means the Internal Revenue Code of 1986, as amended.

"*Tax Proposals*" means all specific proposals to amend the ITA and regulations promulgated thereunder, publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

"*Unclaimed Distribution*" means any distribution under the Plan on account of an Allowed Claim to a holder that has not: (a) accepted a particular distribution or, in the case of distributions made by check, negotiated such check; (b) given notice to Reorganized NAPCUS of an intent to accept a particular distribution; (c) responded to the Debtors' or Reorganized NAPCUS' requests for information necessary to facilitate a particular distribution; or (d) taken any other action necessary to facilitate such distribution.

"*Unexpired Lease*" means a lease of nonresidential real property to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

"*Unimpaired*" means a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

"*Voting Deadline*" means September 2, 2011 at 5:00 p.m. prevailing Eastern Time, which is the deadline for, among other things, voting to accept or reject the Plan.

"*Voting Record Date*" means the close of business on July 29, 2011.

B. RULES OF INTERPRETATION.

For purposes hereof: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) unless otherwise specified, any reference herein to a contract, lease, 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) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (d) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto and all references herein to "Sections" are references to Sections hereof or hereto; (e) the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to any particular portion of the Plan; (f) captions and headings to Articles 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) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

C. COMPUTATION OF TIME.

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

D. GOVERNING LAW.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the construction of the Disclosure Statement, any agreements, documents, instruments or contracts executed or entered into in connection with the Disclosure Statement (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters; provided, that corporate governance matters relating to the Debtors or Reorganized NAPCUS, as applicable, not incorporated in Delaware shall be governed by the laws of the state of incorporation of the applicable Debtor or Reorganized NAPCUS, as applicable.

E. REFERENCE TO MONETARY FIGURES.

All references in the Disclosure Statement to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

F. REFERENCE TO THE DEBTORS OR REORGANIZED NAPCUS.

Except as otherwise specifically provided herein to the contrary, references in the Disclosure Statement to the Debtors or to Reorganized NAPCUS shall mean the Debtors and Reorganized NAPCUS, as applicable, to the extent the context requires.

[The remainder of this page is intentionally left blank.]

ARTICLE XIII

CONCLUSION AND RECOMMENDATION

The Debtors believe the Plan is in the best interests of all creditors and urges the Holders of Impaired Claims in the Voting Classes to vote to accept the Plan and to evidence such acceptance by returning their Ballots so they will be received by the Claims and Solicitation Agent no later than 5:00 p.m. (prevailing Eastern Time) on September 2, 2011.

Wilmington, Delaware
Dated: July 29, 2011

North American Petroleum Corporation USA
Petroflow Energy Ltd.
Prize Petroleum LLC

By: */s/ Richard Menchaca*
Name: Richard Menchaca
Title: Chief Executive Officer

Prepared By:

KLEHR HARRISON HARVEY BRANZBURG LLP
Domenic E. Pacitti (DE Bar No. 3989)
Margaret M. Manning (DE Bar No. 4183)
919 Market Street, Suite 1000
Wilmington, Delaware 19801-3062
Telephone: (302) 426-1189
Facsimile: (302) 426-9193

- and -

Morton Branzburg (admitted *pro hac vice*)
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Telephone: (215) 569-2700
Facsimile: (215) 568-6603

KIRKLAND & ELLIS LLP
David R. Seligman, P.C. (admitted *pro hac vice*)
Ryan Blaine Bennett (admitted *pro hac vice*)
Paul Wierbicki (admitted *pro hac vice*)
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

EXHIBIT A

First Amended Joint Chapter 11 Plan of North American Petroleum Corporation USA, *et al.*

KIRKLAND & ELLIS LLP
David R. Seligman, P.C. (admitted *pro hac vice*)
Ryan Blaine Bennett (admitted *pro hac vice*)
Paul Wierbicki (admitted *pro hac vice*)
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000

KLEHR HARRISON HARVEY BRANZBURG LLP
Domenic E. Pacitti
Margaret M. Manning
919 Market Street, Suite 1000
Wilmington, Delaware 19801-3062
Telephone: (302) 426-1189

- and -

Morton Branzburg
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Telephone: (215) 569-2700

Attorneys for the Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NORTH AMERICAN PETROLEUM CORPORATION USA, *et al.*,[1]	)	Case No. 10-11707 (CSS)
Debtors.	)	Jointly Administered

FIRST AMENDED JOINT CHAPTER 11 PLAN OF NORTH AMERICAN PETROLEUM CORPORATION USA, *ET AL.*

Dated: July 29, 2011

[1] The Debtors in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian corporation number, include: North American Petroleum Corporation USA (9766); Prize Petroleum LLC (2460); and Petroflow Energy Ltd. (517-5). The location of the Debtors' corporate headquarters and the Debtors' service address is: 525 South Main Street, Suite 1120, Tulsa, Oklahoma 74103, Attn.: Louis G. Schott.

TABLE OF CONTENTS

Page

INTRODUCTION **1**

ARTICLE I DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW **1**

1.1 Defined Terms 1
1.2 Rules of Interpretation 9
1.3 Computation of Time 9
1.4 Governing Law 9
1.5 Reference to Monetary Figures 9
1.6 Reference to the Debtors or Reorganized NAPCUS 9

ARTICLE II ADMINISTRATIVE AND PRIORITY CLAIMS **10**

2.1 Administrative Claims 10
2.2 Priority Tax Claims 10

ARTICLE III CLASSIFICATION, TREATMENT, AND VOTING OF CLAIMS AND INTERESTS **10**

3.1 Classification of Claims and Interests 10
3.2 Treatment of Classes of Claims and Interests 11
3.3 Special Provision Governing Unimpaired Claims 13
3.4 Intercompany Claims and Intercompany Interests 13
3.5 Acceptance or Rejection of the Plan 13
3.6 Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code 14

ARTICLE IV PROVISIONS FOR IMPLEMENTATION OF THE PLAN **14**

4.1 General Settlement of Claims 14
4.2 Sources of Consideration for Plan Distributions 14
4.3 Reorganized NAPCUS Securities 14
4.4 Investment Commitment 15
4.5 Exemption 15
4.6 Subordination 15
4.7 Corporate Existence and Vesting of Assets in Reorganized NAPCUS 15
4.8 Cancellation of Notes, Instruments, Certificates and Other Documents 16
4.9 Private Company 16
4.10 Corporate Action 16
4.11 Certificate of Incorporation and Bylaws 16
4.12 Effectuating Documents, Further Transactions 16
4.13 Section 1146(a) Exemption 17
4.14 Directors and Officers of Reorganized NAPCUS 17
4.15 Employee Benefits 17
4.16 Management Equity Plan 17
4.17 Preservation of Rights of Action 17
4.18 Restructuring Transactions 18
4.19 Provisions Governing the Determination Date Distribution 18
4.20 Administrative Claims Bar Date 19

ARTICLE V TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES **19**

5.1 Assumption of Executory Contracts and Unexpired Leases 19
5.2 Cure of Defaults and Objections to Cure and Assumption 19
5.3 Claims Based on Rejection of Executory Contracts and Unexpired Leases 20
5.4 Indemnification Obligations 20
5.5 Insurance Policies 20
5.6 Compensation and Benefits Programs 21

5.7 Contracts, Intercompany Contracts, and Leases Entered Into After the Petition Date 21
5.8 Reservation of Rights 21

ARTICLE VI PROVISIONS GOVERNING DISTRIBUTIONS 21
6.1 Distributions on Account of Claims and Interests Allowed as of the Effective Date 21
6.2 Distributions on Account of Claims and Interests Allowed After the Effective Date 21
6.3 Determination Date Distribution 22
6.4 Delivery of Distributions in General 22
6.5 Specific Provisions Regarding Delivery of Reorganized NAPCUS Common Stock 24
6.6 Claims Paid or Payable by Third Parties 25
6.7 Setoffs 25
6.8 Allocation Between Principal and Accrued Interest 26

ARTICLE VII PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS 26
7.1 Prosecution of Objections to Claims and Interests 26
7.2 Allowance of Claims and Interests 26
7.3 Estimation of Claims and Interests 26
7.4 Expungement or Adjustment to Paid, Satisfied, or Superseded Claims and Interests 26
7.5 No Interest 26
7.6 Disallowance of Claims or Interests 27
7.7 Amendments to Claims 27
7.8 No Distributions Pending Allowance 27
7.9 Distributions After Allowance 27

ARTICLE VIII EFFECT OF CONFIRMATION OF THE PLAN 27
8.1 Discharge of Claims and Termination of Interests 27
8.2 Subordinated Claims 28
8.3 Compromise and Settlement of Claims, Interests, and Controversies 28
8.4 Releases by the Debtors 28
8.5 Releases by Holders of Claims and Interests 29
8.6 Exculpation 29
8.7 Injunction 30
8.8 Protection Against Discriminatory Treatment 30
8.9 Indemnification 30
8.10 Recoupment 30
8.11 Release of Liens 30
8.12 Reimbursement or Contribution 31

ARTICLE IX ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS 31
9.1 Professional Fee Escrow Account 31
9.2 Professional Fee Reserve Amount 31
9.3 Post-Confirmation Date Fees and Expenses 31

ARTICLE X CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN 32
10.1 Conditions Precedent to the Effective Date 32
10.2 Waiver of Conditions Precedent 32
10.3 Effect of Non-Occurrence of Conditions to Consummation 32

ARTICLE XI MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN 32
11.1 Modification of Plan 32
11.2 Revocation or Withdrawal of Plan 32
11.3 Confirmation of the Plan 33

ARTICLE XII RETENTION OF JURISDICTION **33**

ARTICLE XIII MISCELLANEOUS PROVISIONS **35**
13.1 Additional Documents 35
13.2 Payment of Statutory Fees 35
13.3 Dissolution of Creditors' Committee 35
13.4 Dissolution of Equity Committee 35
13.5 Reservation of Rights 35
13.6 Successors and Assigns 35
13.7 Service of Documents 35
13.8 Term of Injunctions or Stays 36
13.9 Entire Agreement 36
13.10 Conflicts 36
13.11 Plan Supplement Exhibits 36
13.12 Non-Severability 36

INTRODUCTION

North American Petroleum Corporation USA and the other Debtors in the above-captioned chapter 11 cases jointly propose the following Plan for the resolution of outstanding claims against and interests in each Debtor pursuant to the Bankruptcy Code. Each Debtor is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The classifications of claims and interests set forth in Article III herein shall be deemed to apply separately with respect to each Plan proposed by each Debtor, as applicable. The Plan does not contemplate or provide for the substantive consolidation of any of the Debtors or their Estates.

ARTICLE I

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

1.1 Defined Terms

1. "*Accrued Professional Compensation*" means, at any given moment, all accrued fees and expenses for services rendered by a Professional through and including the Confirmation Date, to the extent such fees and expenses have not been paid pursuant to the Interim Compensation Order or other order of the Bankruptcy Court and regardless of whether a fee application has been filed for such fees and expenses. To the extent the Bankruptcy Court or any higher court denies or reduces by a Final Order any amount of a Professional's fees or expenses, then the amount by which such fees or expenses are reduced or denied shall no longer constitute Accrued Professional Compensation.

2. "*Acquisition Event*" means: (a) any merger, consolidation or other business combination in which the stockholders of Reorganized NAPCUS immediately prior to the merger, consolidation or other business combination will own less than a majority of the outstanding voting power of the outstanding equity interests of the surviving entity or its parent; (b) any transaction or series of related transactions that results in the assignment, transfer, conveyance or other disposition, in each case, by then existing holders of Reorganized NAPCUS capital stock of 50% or more of Reorganized NAPCUS' outstanding capital stock to a single person or entity or to a group of persons and/or entities acting in concert; (c) any sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of Reorganized NAPCUS and its subsidiaries, taken as a whole except where such sale, transfer, conveyance or other disposition is to a subsidiary of Reorganized NAPCUS; or (d) any voluntary or involuntary liquidation, dissolution or winding up of the affairs of Reorganized NAPCUS or the adoption of a plan relating to the liquidation, dissolution or winding up of the affairs of Reorganized NAPCUS.

3. "*Administrative Claim*" means a Claim for costs and expenses of administration pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors; (b) Allowed Fee Claims; and (c) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code.

4. "*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

5. "*Allowed*" means, except as otherwise provided herein: (a) a Claim or Interest that is (i) listed in the Schedules as of the Effective Date as not disputed, not contingent, and not unliquidated, or (ii) evidenced by a valid Proof of Claim, filed by the applicable Bar Date and as to which the Debtors or other parties in interest have not filed an objection to the allowance thereof within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (b) a Claim that is Allowed pursuant to the Plan or any stipulation approved by, or Final Order of, the Bankruptcy Court.

6. "*Avoidance Actions*" means any and all avoidance, recovery, subordination, or other actions or remedies that may be brought on behalf of the Debtors or their Estates under the Bankruptcy Code or applicable

non-bankruptcy law, including actions or remedies under sections 544, 547, 548, 550, 551, 552, or 553 of the Bankruptcy Code.

7. "*Bankruptcy Code*" means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as may be amended from time to time.

8. "*Bankruptcy Court*" means the United States Bankruptcy Court for the District of Delaware or such other court having jurisdiction over the Chapter 11 Cases.

9. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure as applicable to the Chapter 11 Cases and the general, local, and chambers rules of the Bankruptcy Court.

10. "*Bar Date*" means, as applicable, (a) November 22, 2010, for all Persons or Entities other than Governmental Units, (b) the Government Bar Date, or (c) such other date specifically fixed by an order of the Bankruptcy Court for filing Proofs of Claim.

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

12. "*Canadian Proceeding*" means that proceeding commenced when Petroflow Energy Ltd. filed for creditor protection under the Companies' Creditors Arrangement Act (Canada), as amended, in the Court of Queen's Bench of Alberta, Judicial Centre Calgary in connection with its chapter 11 filing, administered under court file number 1001-13659.

13. "*Canadian Recognition Order*" means an order in the Canadian Proceeding recognizing and giving full effect to the Plan.

14. "*Cash*" means the legal tender of the United States of America or the equivalent thereof, including bank deposits and checks.

15. "*Causes of Action*" means any and all claims, actions, causes of action, choses in action, suits, debts, damages, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and crossclaims (including all claims and any avoidance, recovery, subordination, or other actions against Insiders and/or any other Entities under the Bankruptcy Code, including Avoidance Actions) of any of the Debtors, the debtors in possession, and/or the Estates (including those actions set forth in the Plan Supplement), whether known or unknown, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, that are or may be pending on the Effective Date or commenced by Reorganized NAPCUS after the Effective Date against any Entity, based in law or equity, including under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise and whether asserted or unasserted as of the date of entry of the Confirmation Order.

16. "*Certificate*" means any instrument evidencing a Claim or an Interest.

17. "*Chapter 11 Cases*" means the jointly administered chapter 11 cases commenced by the Debtors, with case numbers 10-11707, 10-11708, and 10-12608, and styled *In re North American Petroleum Corporation USA, et al.*, Case No. 10-11707 (CSS), which are currently pending before the Bankruptcy Court.

18. "*Claim*" has the meaning set forth in section 101(5) of the Bankruptcy Code.

19. "*Claims and Solicitation Agent*" means Epiq Bankruptcy Solutions, LLC, located at 757 Third Avenue, New York, New York, 10017, retained as the Debtors' claims and solicitation agent by order of the Bankruptcy Court dated May 28, 2010, entitled *Order Authorizing the Employment and Retention of Epiq Bankruptcy Solutions, LLC as Notice, Claims and Balloting Agent* [Docket No. 26].

20. "*Claims Register*" means the official register of Claims maintained by the Claims and Solicitation Agent.

21. "*Class*" means a category of holders of Claims or Interests pursuant to section 1122(a) of the Bankruptcy Code.

22. "*Compensation and Benefit Claims*" means any and all Claims arising on account of, or relating to, the Compensation and Benefits Programs assumed pursuant to Section 5.6 of the Plan.

23. "*Compensation and Benefits Programs*" means all employment and severance agreements and policies, and all compensation and benefits plans, policies, and programs of the Debtors, and all amendments and modifications thereto, applicable to the Debtors' employees, former employees, retirees and non-employee directors and the employees, former employees and retirees of their subsidiaries, including, without limitation, all savings plans, retirement plans, health care plans, disability plans, severance benefit agreements and plans, incentive plans, deferred compensation plans and life, accidental death and dismemberment insurance plans.

24. "*Completion Fee*" means a fee of $1.0 million earned by and payable to Kinetic Advisors LLC, the Debtors' financial advisors, on the Effective Date.

25. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

26. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

27. "*Confirmation Hearing*" means the hearing(s) before the Bankruptcy Court at which the Debtors seek entry of the Confirmation Order.

28. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

29. "*Consummation*" means the occurrence of the Effective Date.

30. "*Creditor*" has the meaning set forth in section 101(10) of the Bankruptcy Code.

31. "*Creditors' Committee*" means the Official Committee of Unsecured Creditors appointed pursuant to section 1102 of the Bankruptcy Code by the United States Trustee for the District of Delaware on June 24, 2010 [Docket No. 83], as it may be reconstituted from time to time.

32. "*Cure*" means a Claim based upon a Debtor's defaults under an Executory Contract or Unexpired Lease assumed by such Debtor pursuant to section 365 of the Bankruptcy Code.

33. "*Debtors*" means each of the following Entities, collectively, North American Petroleum Corporation USA, Prize Petroleum LLC, and Petroflow Energy Ltd.

34. "*Depository*" means a securities depository system, including The Depository Trust Company and CDS Clearing and Depository Services Inc. and their respective successors and assigns.

35. "*Determination Date*" means any date for payment of Allowed Petroflow Other Interests, as determined by the board of directors or other governing body of Reorganized NAPCUS, but in no event later than the second anniversary of the Effective Date, on which one of the following events occurs: (a) Reorganized NAPCUS is able to fulfill (as determined by the board of directors or other governing body of Reorganized NAPCUS), or has obtained an exemption from, any applicable public reporting or registration requirements under applicable United States securities laws and regulations and Canadian securities laws and regulations (including filing a non-offering or other prospectus and obtaining a final receipt thereof to become a reporting issuer or its equivalent in the applicable Canadian jurisdictions) which may arise from the issuance of Reorganized NAPCUS

Common Stock to holders of Petroflow Other Interests on, or as soon as practicable following, such date; (b) the Reorganized NAPCUS Board determines, in its discretion, to no longer defer distributions of Reorganized NAPCUS Common Stock to holders of Allowed Petroflow Other Interests; (c) an Acquisition Event occurs; (d) Reorganized NAPCUS declares or approves payment of any cash dividends or other cash distributions on then existing shares of Reorganized NAPCUS Common Stock; or (e) at any time, in lieu of issuing Reorganized NAPCUS Common Stock to holders of Petroflow Other Interests, Reorganized NAPCUS elects to pay Cash to such holders on account of their Petroflow Other Interests in an amount equal to the fair value (as determined pursuant to Section 6.3) of the Reorganized NAPCUS Common Stock such holders would have otherwise received; provided, however that, notwithstanding the foregoing, a "Determination Date" will not occur as a result of: (i) any repurchase by Reorganized NAPCUS or any of its subsidiaries of any shares of capital stock or any security convertible into capital stock in connection with any employee's termination of employment; (ii) any dividend or other distribution in exchange for, or out of the proceeds of a capital contribution or a substantially concurrent offering of, shares of Reorganized NAPCUS capital stock; (iii) any dividend or other distribution on any class or series of preferred stock of Reorganized NAPCUS; (iv) the repurchase of capital stock deemed to occur upon the exercise of options or warrants if such capital stock represents all or a portion of the exercise price thereof or payments in lieu of the issuance of fractional shares of capital stock or withholding to pay for taxes payable by such employee upon such grant or award; or (v) any non-cash dividends or non-cash distributions on Reorganized NAPCUS Common Stock.

36. "*Determination Date Distribution*" means the distributions required to be made by Reorganized NAPCUS to holders of Petroflow Other Interests on account of their Petroflow Other Interests on the Determination Date or as soon as practicable thereafter in accordance with the terms of the Plan and the Reorganized NAPCUS Charter, consisting of, at the option of Reorganized NAPCUS: (a) one share of Reorganized NAPCUS Common Stock for every one share of Petroflow Interests held by such holders as of the Distribution Record Date; provided, that such distribution shall be subject to dilution by conversion of Reorganized NAPCUS Convertible Preferred Stock and the Management Equity Plan; or (b) Cash in an amount equal to the fair value, as of the Determination Date and as determined pursuant to Section 6.3, of the Reorganized NAPCUS Common Stock such holders would have otherwise received pursuant to clause (a) of this paragraph; provided, however that, notwithstanding anything to the contrary in this paragraph, in the event an Acquisition Event occurs, distributions to holders of Petroflow Other Interests on account of their Petroflow Other Interests shall be made in the same form and amount of consideration payable to the holders of Reorganized NAPCUS Common Stock existing immediately before the Acquisition Event occurs (or if such consideration is not cash, at Reorganized NAPCUS's option, in cash in an amount equal to the fair value as of the Determination Date (and as determined pursuant to Section 6.3) of such non-cash consideration).

37. "*Disclosure Statement*" means the disclosure statement for the Plan, supplemented or modified from time to time, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

38. "*Disclosure Statement Order*" means the Final Order approving the Disclosure Statement, among other things.

39. "*Disputed Claim*" means any Claim that is not Allowed.

40. "*Distribution Agent*" means Reorganized NAPCUS, the Claims and Solicitation Agent or the Entity or Entities selected by Reorganized NAPCUS, as applicable, to make or to facilitate distributions pursuant to the Plan.

41. "*Distribution Date*" means the date or dates determined by the Debtors or Reorganized NAPCUS, in their sole discretion, on or after the Effective Date, upon which the Distribution Agent shall make distributions to holders of Allowed Claims entitled to receive distributions under the Plan.

42. "*Distribution Record Date*" means the date for determining which holders of Allowed Claims are eligible to receive distributions hereunder, which shall be (a) the Confirmation Date or (b) such other date as designated in a Bankruptcy Court order.

43. "*Effective Date*" means the date that is the first Business Day after the Confirmation Date on which all conditions precedent to the Effective Date have been satisfied or waived.

44. "*Entity*" has the meaning set forth in section 101(15) of the Bankruptcy Code.

45. "*Equity Committee*" means the Official Committee of Equity Security holders appointed pursuant to section 1102 of the Bankruptcy Code by the United States Trustee for the District of Delaware on May 4, 2011 [Docket No. 800], as it may be reconstituted from time to time.

46. "*Equity Security*" has the meaning set forth in section 101(16) of the Bankruptcy Code.

47. "*Estate*" means the bankruptcy estate of any Debtor created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

48. "*Exculpated Claim*" means any Claim related to any act or omission in connection with, relating to, or arising out of the Debtors' in or out-of-court restructuring efforts, the Chapter 11 Cases, formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement or Plan or any contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or Plan, the preparation for and filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, or the distribution of property under the Plan or any other agreement.

49. "*Exculpated Party*" means each of the following in its capacity as such: (a) the Debtors; (b) Reorganized NAPCUS; (c) the Released Parties; (d) with respect to each of the foregoing Entities in clauses (a) through (c), such Entities' successors and assigns; and (e) with respect to each of the foregoing Entities or Persons in clauses (a) through (d), such Entities' or Persons' subsidiaries, affiliates, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other Professionals.

50. "*Executory Contract*" means a contract or lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

51. "*Fee Claim*" means a Claim for Accrued Professional Compensation.

52. "*Final Decree*" means the decree contemplated under Bankruptcy Rule 3022.

53. "*Final Order*" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment could be appealed or from which certiorari could be sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order, or has otherwise been dismissed with prejudice.

54. "*General Unsecured Claim*" means any Claim other than Administrative Claims, Fee Claims, Secured Claims, Priority Tax Claims, Other Priority Claims, and Intercompany Claims.

55. "*Government Bar Date*" means November 22, 2010, in connection with the filing of Proofs of Claim against either of North American Petroleum Corporation USA or Prize Petroleum LLC, and February 17, 2011, in connection with the filing of Proofs of Claim against Petroflow Energy Ltd.

56. "*Governmental Unit*" has the meaning set forth in section 101(27) of the Bankruptcy Code.

57. "*Impaired*" means, with respect to any Class of Claims or Interests, a Claim or Interest that is not Unimpaired.

58. "*Indemnification Obligation*" means a Debtor's obligation under an Executory Contract, or corporate or other document, or otherwise to indemnify directors, officers, or employees of the Debtors who served in such capacity at any time, with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, pursuant to and to the maximum extent provided by the Debtors' respective articles of incorporation, certificates of formation, bylaws, similar corporate documents, and applicable law, as in effect as of the Effective Date.

59. "*Insider*" has the meaning set forth in section 101(31) of the Bankruptcy Code.

60. "*Intercompany Claim*" means a Claim by a Debtor against another Debtor.

61. "*Intercompany Contract*" means a contract between or among two or more Debtors.

62. "*Intercompany Interest*" means an Interest held by a Debtor in another Debtor.

63. "*Interest*" means any Equity Security of a Debtor existing immediately prior to the Effective Date.

64. "*Interim Compensation Order*" means the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members*, entered by the Bankruptcy Court on June 21, 2010 [Docket No. 75].

65. "*Investors*" means those parties to the Investment Agreements who under the Investment Agreement are obligated by the Investment Commitment.

66. "*Investment Agreements*" means, collectively, those agreements by and between the Debtors and the Investors memorializing the Investment Commitment, included as part of the Plan Supplement.

67. "*Investment Commitment*" means the obligation of the Investors, severally and not jointly, to subscribe for and purchase, or cause one or more of their affiliates to subscribe for and purchase, Reorganized NAPCUS Series A Convertible Preferred Stock in an aggregate amount equal to $3.0 million, as set forth in the Investment Agreements.

68. "*Lien*" has the meaning set forth in section 101(37) of the Bankruptcy Code.

69. "*Management Equity Plan*" means that certain management equity plan for the benefit of Reorganized NAPCUS management, the terms of which are described in the Disclosure Statement (and supplemented or otherwise described, if at all, in the Plan Supplement).

70. "*Other Priority Claim*" means any Claim other than an Administrative Claim or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

71. "*Person*" has the meaning set forth in section 101(41) of the Bankruptcy Code.

72. "*Petition Date*" means May 25, 2010, with respect to North American Petroleum Corporation USA and Prize Petroleum LLC, and August 20, 2010, with respect to Petroflow Energy Ltd.

73. "*Petroflow Emergence Interests*" means shares of Petroflow Interests that are held by any holder of Petroflow Interests in an aggregate amount equal to or more than the Petroflow Interests Threshold Amount.

74. "*Petroflow Interests*" means Interests in Petroflow Energy Ltd.

75. "*Petroflow Interests Threshold Amount*" means 250,000 shares of Petroflow Energy Ltd. common stock, or such other number of such shares as determined by the Debtors, such that (after giving effect to distributions of Reorganized NAPCUS Common Stock made on, or as soon as practicable after, the Effective Date but prior to the Determination Date) Reorganized NAPCUS has, and determines it will continue to have, no more

than 300 Record Holders holding Reorganized NAPCUS Common Stock (on an as converted basis) and no more than 51 beneficial holders in Canada (with no more than 15 beneficial holders in each of the jurisdictions of Canada) holding Reorganized NAPCUS Common Stock (on an as converted basis).

76. "*Petroflow Other Interests*" means shares of Petroflow Interests that are held by any holder of Petroflow Interests in an aggregate amount less than the Petroflow Interests Threshold Amount.

77. "*Plan*" means the Debtors' joint chapter 11 plan of reorganization as may be altered, amended, modified, or supplemented from time to time, including the Plan Supplement and all exhibits, supplements, appendices, annexes and/or schedules hereto and thereto, all of which are incorporated herein by reference.

78. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, including the Investment Agreements, forms of the Reorganized NAPCUS Charter and Reorganized NAPCUS Bylaws, a list of retained causes of action, a list of contracts and leases to be rejected, a list of contracts and leases to be assumed (with proposed cure amounts), a list of members of the Reorganized NAPCUS Board, to the extent known, and other disclosures pursuant to section 1129(a)(5) of the Bankruptcy Code, to be filed by the Debtors no later than ten days prior to the Voting Deadline or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement.

79. "*Priority Claim*" means, collectively, Priority Tax Claims and Other Priority Claims.

80. "*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

81. "*Professional*" means an Entity: (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Effective Date, pursuant to sections 327, 328, 329, 330, and 331 of the Bankruptcy Code or (b) for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

82. "*Professional Fee Escrow Account*" means an interest-bearing account in an amount equal to the Professional Fee Reserve Amount and funded by the Debtors on the Effective Date.

83. "*Professional Fee Reserve Amount*" means that amount estimated in accordance with Section 9.2 herein.

84. "*Proof of Claim*" means a proof of Claim filed against any of the Debtors in the Chapter 11 Cases.

85. "*Record Holder*" means the owner of record of shares of stock (as determined in accordance with United States securities laws and regulations).

86. "*Released Party*" means each of the following in its capacity as such: (a) the Debtors' and Reorganized NAPCUS's current and former affiliates, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, and representatives; (b) the Investors; (c) the Creditors' Committee and the members thereof; (d) the Equity Committee and members thereof; and (e) with respect to each of the foregoing Entities or Persons in clauses (b) through (d), their respective current and former affiliates, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other Professionals.

87. "*Releasing Party*" means each of the following in its capacity as such: (a) the Investors; (b) the Creditors' Committee and the members thereof; (c) the Equity Committee and members thereof; and (d) each holder of a Claim or Interest who has voted to accept the Plan and did not check the box on the applicable Ballot indicating that it opts not to grant the releases provided in the Plan.

88. "*Reorganized NAPCUS*" means North American Petroleum Corporation USA or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

89. "*Reorganized NAPCUS Board*" means the board of directors of Reorganized NAPCUS as of the Effective Date.

90. "*Reorganized NAPCUS Bylaws*" means the bylaws of Reorganized NAPCUS, substantially in the form contained in the Plan Supplement.

91. "*Reorganized NAPCUS Charter*" means the amended and restated certificate of incorporation of Reorganized NAPCUS, substantially in the form contained in the Plan Supplement.

92. "*Reorganized NAPCUS Common Stock*" means newly-issued shares of common stock of Reorganized NAPCUS.

93. "*Reorganized NAPCUS Convertible Preferred Stock*" means, collectively, the Reorganized NAPCUS Series A Convertible Preferred Stock, the Reorganized NAPCUS Series B Convertible Preferred Stock, and the Reorganized NAPCUS Series C Convertible Preferred Stock.

94. "*Reorganized NAPCUS Series A Convertible Preferred Stock*" means shares of convertible preferred stock of Reorganized NAPCUS, par value $0.01 per share, convertible to shares of Reorganized NAPCUS Common Stock with terms substantially consistent with the term sheets attached to the Investment Agreements, and as set forth in the Reorganized NAPCUS Charter. Reorganized NAPCUS Series A Convertible Preferred Stock will rank senior and have priority over Reorganized NAPCUS Series B Convertible Preferred Stock and Reorganized NAPCUS Series C Convertible Preferred Stock.

95. "*Reorganized NAPCUS Series B Convertible Preferred Stock*" means shares of convertible preferred stock of Reorganized NAPCUS, par value of $0.01 per share, convertible to shares of Reorganized NAPCUS Common Stock with terms as set forth in the Reorganized NAPCUS Charter. Reorganized NAPCUS Series B Convertible Preferred Stock will rank senior and have priority over Reorganized NAPCUS Series C Convertible Preferred Stock.

96. "*Reorganized NAPCUS Series C Convertible Preferred Stock*" means shares of convertible preferred stock of Reorganized NAPCUS, par value of $0.01 per share, convertible to shares of Reorganized NAPCUS Common Stock with terms as set forth in the Reorganized NAPCUS Charter.

97. "*Schedules*" means the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code and the Bankruptcy Rules.

98. "*Secured Claim*" means a Claim, other than a Claim that as of the Effective Date has been released and discharged in accordance with a settlement approved by the Bankruptcy Court by Final Order pursuant to Bankruptcy Rule 9019, (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

99. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, or any similar federal, state, or local law.

100. "*Security*" has the meaning set forth in section 2(a)(1) of the Securities Act.

101. "*Unclaimed Distribution*" means any distribution under the Plan on account of an Allowed Claim to a holder that has not: (a) accepted a particular distribution or, in the case of distributions made by check, negotiated such check; (b) given notice to Reorganized NAPCUS of an intent to accept a particular distribution;

(c) responded to the Debtors' or Reorganized NAPCUS's requests for information necessary to facilitate a particular distribution; or (d) taken any other action necessary to facilitate such distribution.

102. "*Unexpired Lease*" means a lease of nonresidential real property to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

103. "*Unimpaired*" means a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

104. "*Voting Deadline*" means September 2, 2011, at 5:00 p.m. prevailing Eastern Time, which is the deadline for, among other things, voting to accept or reject the Plan.

1.2 Rules of Interpretation

For purposes of the Plan: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) unless otherwise specified, any reference herein to a contract, lease, 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) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (d) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto and all references herein to "Sections" are references to Sections hereof or hereto; (e) the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to any particular portion of the Plan; (f) captions and headings to Articles 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) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1.3 Computation of Time

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

1.4 Governing Law

Except to the extent the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, lease, instrument, release, indenture, or other agreement or document entered into expressly in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

1.5 Reference to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

1.6 Reference to the Debtors or Reorganized NAPCUS

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or to Reorganized NAPCUS shall mean the Debtors and Reorganized NAPCUS, as applicable, to the extent the context requires.

ARTICLE II

ADMINISTRATIVE AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Fee Claims, and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims set forth in Article III.

2.1 Administrative Claims

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or Reorganized NAPCUS, as applicable, each holder of an Allowed Administrative Claim (other than holders of Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code), will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim either: (a) on the Effective Date, or as soon as practicable thereafter; (b) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; or (c) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the holders of such Allowed Administrative Claims.

2.2 Priority Tax Claims

Each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, at the sole option of the Debtors or Reorganized NAPCUS, as applicable, one of the following treatments on account of such Claim: (a) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; or (b) Cash in the aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period not more than five years after the Petition Date pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

ARTICLE III

CLASSIFICATION, TREATMENT, AND VOTING OF CLAIMS AND INTERESTS

3.1 Classification of Claims and Interests

Except for the Claims addressed in Article II, all Claims and Interests are classified in the Classes set forth below pursuant to section 1122 of the Bankruptcy Code. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims, Fee Claims, and Priority Tax Claims. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date. There are no existing or anticipated future Claims against Prize Petroleum LLC; accordingly, the Plan does not contain any Classes of Claims with respect to Prize Petroleum LLC.

Below is a chart assigning each Class a number for purposes of identifying each separate Class.

Class	Claim or Interest	Status	Voting Rights
1	Secured Claims	Unimpaired	Deemed to Accept
2	Other Priority Claims	Unimpaired	Deemed to Accept
3	Petroflow General Unsecured Claims	Impaired	Entitled to Vote
4	NAPCUS General Unsecured Claims	Impaired	Entitled to Vote
5A	Petroflow Emergence Interests	Impaired	Deemed to Reject
5B	Petroflow Other Interests	Impaired	Deemed to Reject

3.2 Treatment of Classes of Claims and Interests

(a) Class 1 — Secured Claims.

(1) *Classification*: Class 1 consists of any Secured Claims against any Debtor.

(2) *Treatment*: Except to the extent that a holder of an Allowed Class 1 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 1 Claim, at the sole option of the Debtors or Reorganized NAPCUS, as applicable, shall:

A. have its Allowed Class 1 Claim reinstated and rendered Unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of such Allowed Class 1 Claim to demand or receive payment of such Allowed Class 1 Claim prior to the stated maturity of such Allowed Class 1 Claim from and after the occurrence of a default;

B. receive Cash in an amount equal to such Allowed Class 1 Claim, including any interest on such Allowed Class 1 Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Effective Date and the date such Allowed Class 1 Claim becomes an Allowed Class 1 Claim, or as soon as practicable thereafter; or

C. receive the collateral securing its Allowed Class 1 Claim and any interest on such Allowed Class 1 Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code.

(3) *Voting*: Class 1 is Unimpaired and holders of Allowed Class 1 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Allowed Class 1 Claims are not entitled to vote to accept or reject the Plan.

(b) Class 2 — Other Priority Claims.

(1) *Classification*: Class 2 consists of any Other Priority Claims against any Debtor.

(2) *Treatment*: Except to the extent that a holder of an Allowed Class 2 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 2 Claim, shall be paid in full in Cash on the later of (a) the Effective Date, or as soon as practicable thereafter,

and (b) the date such Class 2 Claim becomes Allowed, or as soon as practicable thereafter.

(3) *Voting*: Class 2 is Unimpaired and holders of Allowed Class 2 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Allowed Class 2 Claims are not entitled to vote to accept or reject the Plan.

(c) Class 3 — Petroflow General Unsecured Claims.

(1) *Classification*: Class 3 consists of any General Unsecured Claims against Petroflow Energy Ltd.

(2) *Treatment*: Except to the extent that a holder of an Allowed Class 3 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 3 Claim, on the Effective Date, or as soon as practicable thereafter, shall receive shares of Reorganized NAPCUS Series C Convertible Preferred Stock of a value equal to the aggregate amount of such holder's Allowed Class 3 Claim.

(3) *Voting*: Class 3 is Impaired and holders of Allowed Class 3 Claims are entitled to vote to accept or reject the Plan.

(d) Class 4 — NAPCUS General Unsecured Claims.

(1) *Classification*: Class 4 consists of any General Unsecured Claims against North American Petroleum Corporation USA.

(2) *Treatment*: Except to the extent that a holder of an Allowed Class 4 Claim agrees to a less favorable treatment, such holder, in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Class 4 Claim, shall on the Effective Date, or as soon as practicable thereafter, be paid in full in Cash (unless such holder on account of its Allowed Class 4 Claim elects, on the ballot used to cast such holder's vote to accept or reject the Plan, to receive shares of Reorganized NAPCUS Series B Convertible Preferred Stock of a value in aggregate equal to such holder's Allowed Class 4 Claim instead of being paid in full in Cash); provided, however, if the Allowed Class 4 Claims of holders receiving Cash in exchange for their Allowed Class 4 Claims in aggregate exceed a value of $500,000 (or such higher amount as may later be agreed by the Debtors and the Creditors' Committee), each such holder shall on account of its Allowed Class 4 Claim receive (a) its pro rata share of $500,000 (or such higher amount as may later be agreed by the Debtors and the Creditors' Committee) in Cash, based on the pool of Allowed Class 4 Claims of holders receiving Cash, and (b) shares of Reorganized NAPCUS Series B Convertible Preferred Stock of a value in aggregate equal to that portion of such holder's Allowed Class 4 Claim not paid in Cash.

(3) *Voting*: Class 4 is Impaired and holders of Allowed Class 4 Claims are entitled to vote to accept or reject the Plan.

(e) Class 5A — Petroflow Emergence Interests.

(1) *Classification*: Class 5A consists of Petroflow Emergence Interests.

(2) *Treatment*: On the Effective Date, all Petroflow Emergence Interests shall be cancelled and extinguished, and each holder of an Allowed Class 5A Interest, in full and final satisfaction, settlement, release, and discharge of such holder's Allowed Class 5A

Interest, on, or as soon as practicable after, the Effective Date, shall receive one share of Reorganized NAPCUS Common Stock for every one share of Petroflow Interests it holds as of the Distribution Record Date; provided, that such distribution shall be subject to dilution by conversion of Reorganized NAPCUS Convertible Preferred Stock, any shares issued as part of the Determination Date Distribution and the Management Equity Plan.

(3) *Voting*: Class 5A is Impaired, and holders of Allowed Class 5A Interests are conclusively deemed to have rejected the Plan. Therefore, holders of Allowed Class 5A Interests are not entitled to vote to accept or reject the Plan.

(f) Class 5B — Petroflow Other Interests.

(1) *Classification*: Class 5B consists of Petroflow Other Interests.

(2) *Treatment*: On the Effective Date, all Petroflow Other Interests shall be cancelled and extinguished. Reorganized NAPCUS will pay each holder of an Allowed Class 5B Interest, in full and final satisfaction, settlement, release, and discharge of such holder's Allowed Class 5B Interest such holder's pro rata share of the Determination Date Distribution on, or as soon as practicable after, the applicable Determination Date.

(3) *Voting*: Class 5B is Impaired, and holders of Allowed Class 5B Interests are conclusively deemed to have rejected the Plan. Therefore, holders of Allowed Class 5B Interests are not entitled to vote to accept or reject the Plan.

3.3 Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' or Reorganized NAPCUS's rights in respect of any Unimpaired Claim, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim.

3.4 Intercompany Claims and Intercompany Interests

Except as otherwise set forth herein, there shall be no distributions on account of Intercompany Claims or Intercompany Interests. Notwithstanding the foregoing, Reorganized NAPCUS or the Debtors, as applicable, may reinstate, compromise, or cancel, as applicable, all Intercompany Claims and Intercompany Interests as necessary or appropriate to give effect to the transactions and distributions contemplated hereunder.

3.5 Acceptance or Rejection of the Plan

(a) Presumed Acceptance of the Plan.

Classes 1 and 2 are Unimpaired under the Plan and are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

(b) Voting Classes.

Classes 3 and 4 are Impaired under the Plan, and holders of Allowed Class 3 and Class 4 Claims are entitled to vote to accept or reject the Plan.

(c) Deemed Rejection of the Plan.

Classes 5A and 5B are Impaired and are conclusively presumed to have rejected the Plan.

3.6 Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article XI of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

ARTICLE IV
PROVISIONS FOR IMPLEMENTATION OF THE PLAN

4.1 General Settlement of Claims

Unless otherwise set forth in the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests.

4.2 Sources of Consideration for Plan Distributions

All consideration necessary for the Debtors or Reorganized NAPCUS, as applicable, to make payments or distributions pursuant hereto shall be obtained from the issuance of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock, the Investment Commitment or other Cash on hand of the Debtors or Reorganized NAPCUS, including Cash derived from business operations.

4.3 Reorganized NAPCUS Securities

On, or as soon as practicable after, the Effective Date or the Determination Date, as applicable, Reorganized NAPCUS shall issue all Securities, notes, instruments, Certificates, and other documents required to be issued pursuant to the Plan. The issuance of shares of Reorganized NAPCUS Convertible Preferred Stock or Reorganized NAPCUS Common Stock are each authorized without the need for any further corporate action (including, action by the Debtors or Reorganized NAPCUS, as applicable, or their respective shareholders or board of directors or other governing bodies) or without any further action by a holder of Claims or Interests. The Reorganized NAPCUS Charter shall, pursuant to and as a result of the Plan, authorize the issuance and distribution of (a) shares of Reorganized NAPCUS Convertible Preferred Stock to the Distribution Agent on or after the Effective Date for the benefit of the Investors and holders of Allowed Claims in Classes 3 and 4, (b) Reorganized NAPCUS Common Stock to the Distribution Agent on or after the Effective Date for the benefit of holders of Allowed Class 5A Interests and (c) Reorganized NAPCUS Common Stock to the Distribution Agent on or after the Determination Date for the benefit of holders of Allowed Class 5B Interests, subject to Reorganized NAPCUS electing to issue shares of such stock in lieu of paying the cash equivalent of such shares to holders of Allowed Class 5B Interests. All of the shares of Reorganized NAPCUS Common Stock and Reorganized NAPCUS Convertible Preferred Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI hereof shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Person or Entity receiving such distribution or issuance. If, at any time after the Effective Date, Reorganized NAPCUS implements a public equity securities offering in the United States or elsewhere that raises at least a certain threshold amount of capital (with such threshold amount being agreed to by the holders of Reorganized Convertible Preferred Stock prior to the time of their investment), all then outstanding Reorganized NAPCUS Convertible Preferred Stock, plus any accrued but unpaid dividends, shall automatically convert to Reorganized NAPCUS Common Stock on the terms set forth in the Reorganized NAPCUS Charter.

4.4 Investment Commitment

Upon entry of the Confirmation Order, the Debtors are authorized to consummate the Investment Agreements and the Debtors and all other parties to the Investment Agreements are authorized to take all actions necessary or appropriate to implement the terms of the Investment Agreements without need of any further court or other approvals. On the Effective Date, the Investors shall fulfill the Investment Commitment in all respects and the Debtors and Reorganized NAPCUS, as applicable, shall have full and unrestricted access to the funds committed by the Investors under the Investment Agreements. On the Effective Date, or as soon as practicable thereafter, each Investor shall receive Reorganized NAPCUS Series A Convertible Preferred Stock on account such Investor's new capital investment in accordance with the terms of the Plan and the Investment Agreements.

4.5 Exemption

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the Reorganized NAPCUS Series B Convertible Preferred Stock, Reorganized NAPCUS Series C Convertible Preferred Stock and Reorganized NAPCUS Common Stock pursuant to the Plan and any and all settlement agreements incorporated herein will be exempt from the registration requirements of section 5 of the Securities Act. By virtue of Section 4(2) of the Securities Act or Regulation D promulgated thereunder, the offering, issuance, and distribution of the Reorganized NAPCUS Series A Convertible Preferred Stock and any and all settlement agreements incorporated herein will be exempt from the registration requirements of section 5 of the Securities Act. In addition, Reorganized NAPCUS Convertible Preferred Stock and Reorganized NAPCUS Common Stock issued pursuant to the Plan and any and all settlement agreements incorporated therein will be freely transferable under the Securities Act by the recipients thereof, subject to: (a) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any applicable state or foreign securities laws, if any, and the rules and regulations of the United States Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments; (b) the restrictions, if any, on the transferability of such Securities and instruments, including those set forth in the Reorganized NAPCUS Charter and Section 4.9; and (c) any other applicable regulatory approval. For the purposes of Canadian securities laws, the offering, issuance and distribution of any Securities pursuant to the Plan will be issued in connection with a reorganization in accordance with the Companies' Creditors Arrangement Act (Canada), as amended, under which the Debtors will obtain the Canadian Recognition Order and by doing so such Securities issued pursuant to the Plan and any and all settlement agreements incorporated herein will be exempt from Canadian prospectus requirements.

4.6 Subordination

The classification and treatment of all Claims and Interests under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims and Interests, and any such rights shall be settled, compromised, and released pursuant to the Plan.

4.7 Corporate Existence and Vesting of Assets in Reorganized NAPCUS

After giving effect to the actions to be taken by the Debtors hereunder: (a) Prize Petroleum LLC shall, as of the Effective Date, be deemed dissolved and cease to exist, be deemed to have satisfied all of its obligations, have complied in all respects with all legal requirements for dissolution under applicable non-bankruptcy law, and have no liabilities or obligations to any party in interest other than those expressly set forth in the Plan; and (b) on, or immediately after, the Effective Date, Petroflow Energy Ltd. shall dissolve and cease to exist in compliance with all legal requirements for dissolution under applicable non-bankruptcy law, and have no liabilities or obligations to any party in interest other than those expressly set forth in the Plan. Except as otherwise provided herein or in any agreement, instrument, or other document incorporated in the Plan, on the Effective Date all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall, pursuant to the Plan, be transferred to and vest in Reorganized NAPCUS, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Confirmation Date, except as otherwise provided in the Plan, Reorganized NAPCUS may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

4.8 Cancellation of Notes, Instruments, Certificates and Other Documents

On the Effective Date, except to the extent otherwise provided, all notes, instruments, Certificates, and other documents evidencing Claims or Interests shall be cancelled and the obligations of the Debtors or Reorganized NAPCUS thereunder or in any way related thereto shall be discharged; provided, however, that notwithstanding Confirmation or the occurrence of the Effective Date, any agreement that governs the rights of the holder of a Claim shall continue in effect solely for purposes of allowing holders to receive distributions under the Plan.

4.9 Private Company

On the Effective Date, Reorganized NAPCUS shall be a private company under United States securities law. As such, Reorganized NAPCUS will not list the Reorganized NAPCUS Common Stock or Reorganized NAPCUS Convertible Preferred Stock on a national or any other securities exchange and shall not be required to (but may in its discretion) register with the United States Securities and Exchange Commission or other similar regulatory authority in the United States or elsewhere any equity securities of Reorganized NAPCUS or to file periodic reports under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended. Upon the securities commissions of the Canadian provinces of British Columbia, Alberta and Ontario on the Effective Date, or as soon as practicable thereafter, approving the Debtors' or Reorganized NAPCUS's, as applicable, application recognizing that Reorganized NAPCUS is not a reporting issuer under applicable Canadian securities laws, Reorganized NAPCUS shall not be required to file continuous disclosure documents in Canada.

4.10 Corporate Action

Upon entry of the Confirmation Order, each of the matters provided for by the Plan involving the corporate structure of the Debtors, Reorganized NAPCUS, or corporate or related actions to be taken by or required of the Debtors or Reorganized NAPCUS, whether taken prior to or as of the Effective Date, shall be authorized without the need for any further corporate action (including, action by the Debtors or Reorganized NAPCUS, as applicable, or their respective shareholders or board of directors or other governing bodies) or without any further action by a holder of Claims or Interests. Such actions may include: (a) consummation and implementation of the Investment Agreements; (b) the amendment and restatement of the Reorganized NAPCUS Charter and Reorganized NAPCUS Bylaws; (c) the appointment of the Reorganized NAPCUS Board; (d) the adoption and implementation of the Management Equity Plan; (e) the dissolution of Petroflow Energy Ltd. and Prize Petroleum LLC; and (f) the authorization, issuance, and distribution of Reorganized NAPCUS Convertible Preferred Stock, Reorganized NAPCUS Common Stock, and any other Securities to be authorized, issued, and distributed pursuant to the Plan. Upon entry of the Confirmation Order, the Debtors and Reorganized NAPCUS shall have the authority to take any actions necessary or appropriate to implement the Plan in Canada.

4.11 Certificate of Incorporation and Bylaws

After the Effective Date, Reorganized NAPCUS may amend and restate its certificate of incorporation and other constituent documents as permitted by the laws of its respective jurisdiction of formation and its respective charter and bylaws. The amended and restated Reorganized NAPCUS Charter shall, among other things: (a) authorize the issuance of the shares of Reorganized NAPCUS Convertible Preferred Stock and Reorganized NAPCUS Common Stock and (b) pursuant to and only to the extent required by section 1123(a)(6) of the Bankruptcy Code, include a provision prohibiting the issuance of non-voting Equity Securities. The form and substance of the Reorganized NAPCUS Charter and Reorganized NAPCUS Bylaws shall be included in the Plan Supplement.

4.12 Effectuating Documents, Further Transactions

On and after the Effective Date, Reorganized NAPCUS, and the officers and members of the Reorganized NAPCUS Board are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued

pursuant to the Plan in the name of and on behalf of Reorganized NAPCUS, without the need for any approvals, authorizations, or consents except for those expressly required pursuant to the Plan. Upon entry of the Confirmation Order, the Debtors shall seek entry of the Canadian Recognition Order in the Canadian Proceeding.

4.13 Section 1146(a) Exemption

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property 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 upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents are directed to forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

4.14 Directors and Officers of Reorganized NAPCUS

On the Effective Date, the terms of all directors of the Debtors shall be deemed to have expired, and all such directors shall be relieved of their respective duties, and the Reorganized NAPCUS Board shall be appointed. The Debtors' existing officers immediately prior to the Effective Date shall, on and after the Effective Date, serve as officers of Reorganized NAPCUS in the same capacities in which they served as officers of the Debtors immediately prior to the Effective Date. The identities and affiliates of the members of the Reorganized NAPCUS Board shall be disclosed in advance of the Confirmation Hearing in accordance with section 1129(a)(5) of the Bankruptcy Code. On and after the Effective Date, each director or officer of Reorganized NAPCUS shall serve pursuant to the terms of the Reorganized NAPCUS Charter, the Reorganized NAPCUS Bylaws, or other constituent documents, and applicable state corporation law.

4.15 Employee Benefits

On and after the Effective Date, Reorganized NAPCUS shall have the sole discretion to (a) amend, adopt, assume, and/or honor, in the ordinary course of business or as otherwise provided for herein, any contracts, agreements, policies, programs, and plans for, among other things, compensation, pursuant to the terms thereof or hereof, including any incentive plan, as applicable, including health care benefits, disability benefits, deferred compensation benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of any of the Debtors who served in such capacity from and after the Petition Date and (b) honor, in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time, if any, arising prior to the Petition Date and not otherwise paid pursuant to a Bankruptcy Court order. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

4.16 Management Equity Plan

On the Effective Date, the Management Equity Plan shall be deemed adopted, approved, and authorized without further action of the Reorganized NAPCUS Board. The issuance of any equity or other award reserved for under the Management Equity Plan is authorized without the need for any further corporate action (including, action by the Debtors or Reorganized NAPCUS, as applicable, or their respective shareholders or board of directors or other governing bodies) or without any further action by a holder of Claims or Interests.

4.17 Preservation of Rights of Action

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by a Final Order, in accordance with section 1123(b) of the Bankruptcy Code, Reorganized NAPCUS shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and Reorganized NAPCUS's rights to commence, prosecute, or settle such Causes of Action

shall be preserved notwithstanding the occurrence of the Effective Date. Reorganized NAPCUS may pursue such Causes of Action, as appropriate, in accordance with the best interests of Reorganized NAPCUS. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or Reorganized NAPCUS will not pursue any and all available Causes of Action against them. The Debtors and Reorganized NAPCUS expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, Reorganized NAPCUS expressly reserves all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

Reorganized NAPCUS reserves and shall retain the foregoing Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in Reorganized NAPCUS. Reorganized NAPCUS, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. Reorganized NAPCUS shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, or to decline to do any of the foregoing, without the consent or approval of any third party or any further notice to or action, order, or approval of the Bankruptcy Court.

4.18 Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors or Reorganized NAPCUS, as applicable, may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the Plan, including, without limitation: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, liquidation, dissolution or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of the Plan; (c) the filing of appropriate certificates of incorporation, merger or consolidation with the appropriate governmental authorities pursuant to applicable law; and (d) all other actions that the Debtors or Reorganized NAPCUS determine are necessary or appropriate, including making any filings or recordings that may be required by applicable law in connection with any of the transactions approved by, contemplated by or necessary or appropriate to effectuate the Plan.

4.19 Provisions Governing the Determination Date Distribution

The right of a holder of Allowed Petroflow Other Interests to receive a distribution pursuant to the Determination Date Distribution will not represent any ownership or equity interest in Reorganized NAPCUS nor bear any stated rate of interest, and will not entitle any holder of Allowed Petroflow Other Interests to have any voting or dividend rights. The right of a holder of Allowed Petroflow Other Interests to receive a distribution pursuant to the Determination Date Distribution: (a) shall not be transferrable in any respect except in accordance with a will, the laws of intestacy or by other operation of law; and (b) will not be evidenced by any certificate or other instrument. The amount and form of consideration (including Cash) to be issued upon the making of distributions pursuant to the Determination Date Distribution shall be appropriately and equitably adjusted to reflect fully the effect of any stock dividend, stock split, reverse stock split, reclassification, recapitalization, consolidation, exchange of similar changes with respect to the Reorganized NAPCUS Common Stock that occurred prior to the Determination Date.

Until such time as the Determination Date Distribution is fully made, the Reorganized NAPCUS Board shall, beginning on the date that is six months after the Effective Date and every six months thereafter, consider whether it would be appropriate to continue to defer making distributions pursuant to the Determination Date Distribution, after taking into consideration the legitimate interests of Allowed Petroflow Other Interests holders in

receiving a tangible distribution in respect of their Allowed Petroflow Other Interests. Promptly after each time the Reorganized NAPCUS Board makes its decision as to whether to continue to defer or to make distributions pursuant to the Determination Date Distribution, Reorganized NAPCUS shall provide notice of such decision to holders of Allowed Petroflow Other Interests by publication on Reorganized NAPCUS's website or other similar means.

4.20 Administrative Claims Bar Date

All requests for payment of an Administrative Claim (except with respect to Fee Claims or as otherwise provided in the Plan) must be filed with the Claims and Solicitation Agent and served upon counsel for the Debtors or Reorganized NAPCUS, as applicable, on or before the date that is thirty (30) days after the Effective Date. Reorganized NAPCUS may settle and pay any Administrative Claims in the ordinary course of business without any further notice or action, order or approval of the Bankruptcy Court. In the event that any party with standing objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim is required with respect to an Administrative Claim previously Allowed by Final Order.

ARTICLE V

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1 Assumption of Executory Contracts and Unexpired Leases

Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, or by prior order of the Bankruptcy Court, each Debtor shall be deemed to have assumed each Executory Contract and Unexpired Lease to which it is a party except any contract or lease as of the Effective Date that: (a) was assumed or rejected previously by the Debtors pursuant to an order of the Bankruptcy Court entered prior to the Effective Date; (b) previously expired or terminated pursuant to its own terms; (c) is the subject of a motion to reject filed on or before the Confirmation Date; or (d) is set forth in a schedule, as an Executory Contract or Unexpired Lease to be rejected, filed as part of the Plan Supplement; provided, however, that the Debtors reserve the right on or prior to the Confirmation Date, to amend the schedules contained in the Plan Supplement to delete any Executory Contract or Unexpired Lease therefrom or add any Executory Contract or Unexpired Lease thereto, in which event such Executory Contract(s) or Unexpired Lease(s) shall be deemed to be, respectively, either rejected or assumed as of the Effective Date. The Debtors shall provide notice of any such amendments to the parties to the Executory Contracts and Unexpired Leases affected thereby.

Notwithstanding the foregoing paragraph, after the Effective Date, Reorganized NAPCUS shall have the right to terminate, amend, or modify any Intercompany Contracts, leases, or other agreements without approval of the Bankruptcy Court.

Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the Executory Contracts and Unexpired Leases assumed pursuant to the Plan and (b) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the Executory Contracts and Unexpired Leases rejected pursuant to the Plan Supplement.

5.2 Cure of Defaults and Objections to Cure and Assumption

With respect to any Executory Contract or Unexpired Lease, to be assumed pursuant to the Plan, all Cures will be satisfied by payment of the Cures in Cash on the Effective Date or as soon as reasonably practicable thereafter as set forth in the Plan or on such other terms as the parties to each such Executory Contract or Unexpired Lease may otherwise agree without any further notice to or action, order, or approval of the Bankruptcy Court. With respect to each such Executory Contract and Unexpired Lease to be assumed pursuant to the Plan, the Debtors will have designated a proposed amount of the Cure to be included in the Plan Supplement and will send notice of such proposed assumption and Cure to the applicable lease and contract counterparties, and the assumption of such

Executory Contract and Unexpired Lease may be conditioned upon the disposition of all issues with respect to such Cure.

Requests for payment of a Cure with respect to any Executory Contract or Unexpired Lease to be assumed pursuant to the Plan in an amount different than specified in the Plan Supplement must be filed and served on the Debtors no later than ten days after the filing of the relevant Plan Supplement. **Holders of Cures with respect to any Executory Contract or Unexpired Lease that do not file and serve such a request by such date will be forever barred, estopped and enjoined from asserting such Cures against the Debtors, Reorganized NAPCUS, or their respective property, and such Cures will be deemed discharged as of the Effective Date.**

With respect to any Executory Contract or Unexpired Lease, in the event of a dispute regarding: (a) the amount of any Allowed Cure; (b) the ability of Reorganized NAPCUS to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code), if applicable, under the Executory Contract or the Unexpired Lease to be assumed; or (c) any other matter pertaining to assumption, the Cures shall be paid following the entry of a Final Order resolving the dispute and approving the assumption of such Executory Contracts or Unexpired Leases; provided, however, that the Debtors or Reorganized NAPCUS may settle any dispute regarding the amount of any Cure without any further notice to or action, order, or approval of the Bankruptcy Court.

5.3 Claims Based on Rejection of Executory Contracts and Unexpired Leases

Unless otherwise provided by an order of the Bankruptcy Court, any Proofs of Claim asserting Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases pursuant to the Plan must be filed by holders of such Claims with the Claims and Solicitation Agent no later than thirty (30) days after the later of (a) the Effective Date or (b) the effective date of rejection for such holders to be entitled to receive distributions under the Plan on account of such Claims. Any holder of a Proof of Claim arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases that does not timely file such Proof of Claim shall not (a) be treated as a creditor with respect to such Claim or (b) participate in any distribution in the Chapter 11 Cases on account of such Claim, and such Claim shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

5.4 Indemnification Obligations

Each Indemnification Obligation shall be deemed assumed by the applicable Debtor effective as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, unless such Indemnification Obligation previously was rejected by the Debtors pursuant to a Bankruptcy Court order or is the subject of a motion to reject pending on the Effective Date. Reorganized NAPCUS reserves the right to honor or reaffirm, at any time, Indemnification Obligations other than those terminated by a prior or subsequent order of the Bankruptcy Court, whether or not executory, in which case such honoring or reaffirmation shall be in complete satisfaction, discharge, and release of any Claim on account of such Indemnification Obligation. Each Indemnification Obligation that is assumed, deemed assumed, honored, or reaffirmed shall remain in full force and effect, shall not be modified, reduced, discharged, impaired, or otherwise affected in any way, and shall survive Unimpaired and unaffected, irrespective of when such obligation arose.

5.5 Insurance Policies

Each insurance policy (including any and all of the Debtors' unexpired directors' and officers' liability insurance policies and fiduciary policies) shall be deemed assumed by Reorganized NAPCUS as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, to the extent such insurance policy is executory, unless such insurance policy previously was rejected by the Debtors pursuant to a Bankruptcy Court order, is the subject of a motion to reject pending on the Effective Date.

5.6 Compensation and Benefits Programs

Subject to the provisions of the Plan, all Compensation and Benefits Programs shall be treated as Executory Contracts under the Plan and deemed assumed on the Effective Date pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, except for any prepetition employee equity or equity-based incentive plans. Any and all Compensation and Benefit Claims are Unimpaired and entitled to full payment.

5.7 Contracts, Intercompany Contracts, and Leases Entered Into After the Petition Date

Contracts, Intercompany Contracts, and leases entered into after the Petition Date by any Debtor and any Executory Contracts and Unexpired Leases assumed by any Debtor may be performed by Reorganized NAPCUS in the ordinary course of business.

5.8 Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtors or Reorganized NAPCUS that any contract or lease is in fact an Executory Contract or Unexpired Lease or that Reorganized NAPCUS has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or Reorganized NAPCUS, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

ARTICLE VI

PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Distributions on Account of Claims and Interests Allowed as of the Effective Date

Except as otherwise provided in the Plan, a Final Order, or as otherwise agreed to by the relevant parties, on the first Distribution Date, the Distribution Agent shall make initial distributions under the Plan on account of Claims and Interests Allowed on or before the Effective Date, subject to Reorganized NAPCUS's right to object to Claims; provided, however, that (a) distributions under the Determination Date Distribution shall not be made until the Determination Date has occurred, (b) Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the Debtors prior to the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice, and (c) Allowed Priority Tax Claims shall be paid in full in Cash on the first Distribution Date or in installment payments over a period not more than five years after the Petition Date pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

6.2 Distributions on Account of Claims and Interests Allowed After the Effective Date

(a) Payments and Distributions on Disputed Claims and Interests.

Except as otherwise provided in the Plan, a Final Order, or as agreed to by the relevant parties, distributions under the Plan on account of Disputed Claims or Interests that become Allowed after the Effective Date shall be made on the Distribution Date that is at least 30 days after the Disputed Claim or Interest becomes an Allowed Claim or Allowed Interest; provided, that, notwithstanding the foregoing, (a) holders of Disputed Interests that are Petroflow Emergence Interests or Petroflow Other Interests that become Allowed after the Effective Date but prior to the Determination Date shall receive the distribution to which they are entitled under the Plan on account of such Interests on the Determination Date, or as soon as practicable thereafter, (b) Disputed Claims that are Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the Debtors on or before the Effective Date that become Allowed after the

Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice, and (c) Disputed Claims that are Priority Tax Claims that become Allowed Priority Tax Claims after the Effective Date shall be paid in full in Cash on the Distribution Date that is at least 30 days after the Disputed Claim becomes an Allowed Claim or over a five-year period as provided in section 1129(a)(9)(C) of the Bankruptcy Code with annual interest provided by applicable non-bankruptcy law.

(b) Special Rules for Distributions to Holders of Disputed Claims and Interests.

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed by the relevant parties (a) no partial payments and no partial distributions shall be made with respect to a Disputed Claim or Interest until all such disputes in connection with such Disputed Claim or Interest have been resolved by settlement or Final Order and (b) any Entity that holds both an Allowed Claim and a Disputed Claim or an Allowed Interest and a Disputed Interest shall not receive any distribution on the Allowed Claim or Interest unless and until all objections to the Disputed Claim or Interest have been resolved by settlement or Final Order or the Claims or Interests have been Allowed or expunged. All distributions made pursuant to the Plan on account of an Allowed Claim or an Allowed Interest shall be made together with any dividends, payments, or other distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim or Allowed Interest had been an Allowed Claim or Allowed Interest on the dates distributions were previously made to holders of Allowed Claims or Allowed Interests included in the applicable Class; provided, however, that no interest shall be paid on account to such Allowed Claims unless required under applicable bankruptcy law.

6.3 Determination Date Distribution

On the Determination Date, or as soon as practicable thereafter, subject to satisfaction of all necessary conditions specified in the Plan (including that all Allowed Claims in Classes 1 through 4 are satisfied in full pursuant to the Plan or holders of such Claims have agreed to less favorable treatment than set forth in the Plan), Reorganized NAPCUS shall make the Determination Date Distribution pursuant to which Reorganized NAPCUS, at its option, shall: (a) issue one share of Reorganized NAPCUS Common Stock for every one share of Petroflow Interests held by holders of Allowed Petroflow Other Interests; or (b) pay Cash to such holders in an amount equal to the fair value, as of the Determination Date, of the Reorganized NAPCUS Common Stock such holders would have otherwise received; provided, that, for purposes of the Determination Date Distribution, fair value: (a) to the extent distributions pursuant to the Determination Date Distribution are made on, or soon after, the Effective Date, shall be the Reorganized NAPCUS Common Stock share price as set forth in the Disclosure Statement; or (b) to the extent distributions pursuant to the Determination Date Distribution are made after the period set forth in the immediately preceding clause (a) of this paragraph, shall be calculated by an independent valuation firm accredited through the National Association of Certified Valuation Analysts or an equivalent nationally-recognized organization using valuation methodologies which in the opinion of such firm are generally accepted and applied by independent valuation professionals when valuing stock having the characteristics of Reorganized NAPCUS Common Stock.

Notwithstanding anything to the contrary in the immediately preceding paragraph, in the event an Acquisition Event occurs, distributions to holders of Petroflow Other Interests on account of their Petroflow Other Interests shall be made in the same form and amount of consideration payable to the holders of Reorganized NAPCUS Common Stock existing immediately before the Acquisition Event occurs (or if such consideration is not cash, at Reorganized NAPCUS's option, in cash in an amount equal to the fair value as of the date the Acquisition Event occurred (and as determined pursuant to the immediately preceding paragraph of this Section 6.3) of such non-cash consideration).

6.4 Delivery of Distributions in General

(a) Record Date for Distributions With Respect to Claims.

On the Distribution Record Date, the Claims Register for each of the Classes of Claims as maintained by the Debtors or their respective agents shall be deemed closed, and there shall be no further changes made to reflect any new record holders of any Claims. Notwithstanding the foregoing, if a Claim or Interest is

transferred less than 20 days before the Distribution Record Date, the Distribution Agent shall make distributions to the transferee only to the extent practical and in any event only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor. The Debtors shall have no obligation to recognize any transfer of Claims made on or after the Distribution Record Date. As Petroflow Interests are being cancelled under the Plan and Petroflow Interest holders are required pursuant to the Plan to surrender their shares of Petroflow Interests, no distribution record date shall apply to Petroflow Interests.

(b) Distribution Process.

The Distribution Agent shall make all distributions required under the Plan at which time such distributions shall be deemed complete, and the Distribution Agent shall deliver such distributions in accordance with the Plan and the terms of the governing agreement. Except as otherwise provided in the Plan, and notwithstanding any authority to the contrary, distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Distribution Agent: (a) to the signatory set forth on any of the Proofs of Claim filed by such holder or other representative identified therein (or at the last known addresses of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address); (b) at the addresses set forth in any written notices of address changes delivered to the Distribution Agent after the date of any related Proof of Claim; (c) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004 if no Proof of Claim has been filed and the Distribution Agent has not received a written notice of a change of address; (d) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Distribution Agent has not received a written notice of a change of address; or (e) on any counsel that has appeared in the Chapter 11 Cases on the holder's behalf. The Debtors, Reorganized NAPCUS, and the Distribution Agent, as applicable, shall not incur any liability whatsoever on account of any distributions under the Plan.

(c) Accrual of Dividends and Other Rights.

For purposes of determining the accrual of dividends or other rights after the Effective Date, Reorganized NAPCUS Convertible Preferred Stock and Reorganized NAPCUS Common Stock, as applicable, shall be deemed distributed as of the Effective Date regardless of the date on which it is actually issued, dated, authenticated, or distributed; provided, however, Reorganized NAPCUS shall not pay any such dividends or distribute such other rights, if any, until after distributions of such Securities actually take place.

(d) Compliance Matters.

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

(e) Foreign Currency Exchange Rate.

Except as otherwise provided in the Plan or a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate as of the Petition Date as quoted at 4:00 p.m. (EDT), mid-range spot rate of exchange for the applicable currency as published in The Wall Street Journal, National Edition, on the following Business Day.

(f) Fractional, Undeliverable, and Unclaimed Distributions.

(1) *Fractional Distributions*. Notwithstanding any other provision of the Plan to the contrary, payments of fractions of shares of Reorganized NAPCUS Convertible Preferred Stock or Reorganized NAPCUS Common Stock shall not be made and shall be deemed to be zero, and the Distribution Agent shall not be required to make distributions or payments of fractions of dollars. Whenever any payment of Cash of a fraction of a dollar pursuant to the Plan would otherwise be required, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

(2) *Undeliverable Distributions*. If any distribution to a holder of an Allowed Claim or Interest is returned to a Distribution Agent as undeliverable, no further distributions shall be made to such holder unless and until such Distribution Agent is notified in writing of such holder's then-current address, at which time all currently due missed distributions shall be made to such holder on the next Distribution Date. Undeliverable distributions shall remain in the possession of Reorganized NAPCUS until such time as a distribution becomes deliverable, or such distribution reverts to Reorganized NAPCUS or is cancelled pursuant to Section 6.4(f)(3), and shall not be supplemented with any interest, dividends, or other accruals of any kind.

(3) *Reversion*. Any distribution under the Plan that is an Unclaimed Distribution for a period of six months after distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and such Unclaimed Distribution shall revest in Reorganized NAPCUS and, to the extent such Unclaimed Distribution is Reorganized NAPCUS Convertible Preferred Stock or Reorganized NAPCUS Common Stock, shall be deemed cancelled. Upon such revesting, the Claim of any holder or its successors with respect to such property shall be cancelled, discharged, and forever barred notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary. The provisions of the Plan regarding undeliverable distributions and Unclaimed Distributions shall apply with equal force to distributions that are issued by the Debtors, Reorganized NAPCUS, or the Distribution Agent made pursuant to any indenture or Certificate, notwithstanding any provision in such Certificate to the contrary and notwithstanding any otherwise applicable federal or state escheat, abandoned, or unclaimed property law.

6.5 Specific Provisions Regarding Delivery of Reorganized NAPCUS Common Stock

In accordance with the Disclosure Statement Order, holders of Petroflow Interests shall have until fourteen (14) days after the Confirmation Date to surrender their shares of Petroflow Interests through the appropriate Depository, or, in the case of certificated Interests, deliver the Certificates evidencing such Interests to the Distribution Agent, and provide registration details to the Distribution Agent and any holder of Allowed Petroflow Interests who performs these actions and held shares of Petroflow Interests equal to or greater than the Petroflow Interests Threshold Amount shall be eligible to receive their pro rata share of Reorganized NAPCUS Common Stock on the Effective Date, or as soon as practicable thereafter. On the Effective Date, holders of unsurrendered Certificates evidencing Petroflow Interests holdings shall be deemed by the Debtors to have surrendered such Certificates to the Distribution Agent. Any holder of Allowed Petroflow Interests who held shares of Petroflow Interests equal to or greater than the Petroflow Interests Threshold Amount and surrenders such shares and provides registration details to the Distribution Agent after fourteen days after the Confirmation Date but prior to the first anniversary of the Effective Date shall receive its pro rata share of Reorganized NAPCUS Common Stock on the first available Distribution Date after the date on which such holder surrendered its shares of Petroflow Interests and provided its registration details to the Distribution Agent. Determination Date Distributions to holders of Allowed Petroflow Other Interests shall be made pursuant to Section 6.3 of the Plan. All shares withdrawn and Certificates deemed to have been surrendered shall be cancelled solely with respect to the Debtors. No distribution of property pursuant to the Plan shall be made to or on behalf of any holder of Petroflow Interests through a Depository or otherwise unless and until such holder's shares are surrendered. Any holder of Petroflow Interests through a

Depository who fails to surrender their shares prior to the first anniversary of the Effective Date shall have its Petroflow Interests discharged with no further action, be forever barred from asserting any such interests against Reorganized NAPCUS or its property, be deemed to have forfeited all rights, and Claims with respect to its Petroflow Interests, and not participate in any distribution under the Plan; furthermore, all property with respect to such forfeited distributions, including any dividends or interest attributable thereto, shall revert to Reorganized NAPCUS, notwithstanding any federal or state escheat, abandoned, or unclaimed property law to the contrary.

6.6 Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties.

The Claims and Solicitation Agent shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or Reorganized NAPCUS. To the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or Reorganized NAPCUS on account of such Claim, such holder shall, within two weeks of receipt thereof, repay or return the distribution to Reorganized NAPCUS to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan.

(b) Claims Payable by Insurance Carriers.

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

(c) Applicability of Insurance Policies.

Except as otherwise provided herein, distributions to holders of Allowed Claims shall be in accordance with the provisions of an applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

6.7 Setoffs

Except as otherwise expressly provided for herein, Reorganized NAPCUS pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, may set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any Claims, rights, and Causes of Action of any nature that such Debtor or Reorganized NAPCUS, as applicable, may hold against the holder of such Allowed Claim, to the extent such Claims, rights, or Causes of Action against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by Reorganized NAPCUS of any such Claims, rights, and Causes of Action that Reorganized NAPCUS may possess against such holder. In no event shall any holder of Claims be entitled to set off any Claim against any Claim, right, or Cause of Action of the Debtor or Reorganized NAPCUS, as applicable, unless such holder has filed a Proof of Claim asserting or preserving the right to perform such setoff or has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date.

6.8 Allocation Between Principal and Accrued Interest

Except as otherwise provided in the Plan, the aggregate consideration paid to holders with respect to their Allowed Claims shall be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any, accrued through the Effective Date.

ARTICLE VII

PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS

7.1 Prosecution of Objections to Claims and Interests

Except as otherwise specifically provided in the Plan, prior to the Effective Date, the Debtors, and on and after the Effective Date, Reorganized NAPCUS, shall have the authority: (a) to file, withdraw, or litigate to judgment, objections to Claims or Interests; (b) to settle or compromise any Disputed Claim or Interest without any further notice to or action, order, or approval by the Bankruptcy Court; and (c) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

7.2 Allowance of Claims and Interests

After the Effective Date, Reorganized NAPCUS shall have and retain any and all rights and defenses any Debtor had with respect to any Claim or Interest immediately prior to the Effective Date, including the Causes of Action retained pursuant to Section 4.17, except with respect to any Claim or Interest deemed Allowed under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim or Interest shall become an Allowed Claim or Interest unless and until such Claim or Interest is deemed Allowed or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Cases allowing such Claim or Interest. All settled Claims or Interests approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court, pursuant to Bankruptcy Rule 9019 or otherwise shall be binding on all parties.

7.3 Estimation of Claims and Interests

Before or after the Effective Date, the Debtors or Reorganized NAPCUS, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim or disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and Reorganized NAPCUS may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

7.4 Expungement or Adjustment to Paid, Satisfied, or Superseded Claims and Interests

Any Claim or Interest that has been paid, satisfied, or superseded, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by Reorganized NAPCUS without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

7.5 No Interest

Unless otherwise specifically provided for in the Plan, postpetition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or

right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Effective Date to the date a final distribution is made on account of such Disputed Claim, if and when such Disputed Claim becomes an Allowed Claim.

7.6 Disallowance of Claims or Interests

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT ON OR BEFORE THE LATER OF (A) THE CONFIRMATION HEARING AND (B) 45 DAYS AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM.

All Claims of any Entity from which property is sought by the Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Debtors or Reorganized NAPCUS allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if (a) the Entity, on the one hand, and the Debtors or Reorganized NAPCUS, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turn over any property or monies under any of the aforementioned sections of the Bankruptcy Code and (b) such Entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order.

7.7 Amendments to Claims

On or after the Effective Date, except as otherwise provided herein, a Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or Reorganized NAPCUS, and, to the extent such prior authorization is not received, any such new or amended Claim filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

7.8 No Distributions Pending Allowance

If an objection to a Claim or Interest or any portion thereof is filed prior to the Effective Date, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or any portion thereof unless and until such Disputed Claim or Interest becomes an Allowed Claim or Allowed Interests.

7.9 Distributions After Allowance

To the extent that a Disputed Claim or Interest ultimately becomes an Allowed Claim or Interest, distributions, if any, shall be made to the holder of such Allowed Claim or Interest in accordance with the provisions of the Plan, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

ARTICLE VIII

EFFECT OF CONFIRMATION OF THE PLAN

8.1 Discharge of Claims and Termination of Interests

Effective as of the Effective Date, and except as otherwise provided for herein: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of their assets, property, or Estates; (b) the Plan shall bind all holders of Claims and Interests, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests

shall be satisfied, discharged, and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (d) all Entities shall be precluded from asserting against the Debtors, the Debtors' Estates, Reorganized NAPCUS, their successors and assigns, and their assets and properties any other Claims or Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

8.2 Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, Reorganized NAPCUS reserves the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

8.3 Compromise and Settlement of Claims, Interests, and Controversies

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, on and after the Effective Date, the Debtors and Reorganized NAPCUS, as applicable, may compromise and settle any Claims and Interests against them and Causes of Action against other Entities.

8.4 Releases by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided for herein, for good and valuable consideration, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, Reorganized NAPCUS, and the Estates from any and all Claims, obligations, rights, and liabilities whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted or that could possibly have been asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, and any and all Causes of Action asserted or that could possibly have been asserted on behalf of the Debtors, that the Debtors, Reorganized NAPCUS, or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or Reorganized NAPCUS, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors or Reorganized NAPCUS.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in this Section 8.3, which includes by reference each of the

related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that such release is: (a) in exchange for the good and valuable consideration provided by the Released Parties; (b) a good faith settlement and compromise of the Claims released by this Section 8.3; (c) in the best interests of the Debtors and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Debtors asserting any Claim or Cause of Action released by this Section 8.3.

8.5 Releases by Holders of Claims and Interests

As of the Effective Date, to the fullest extent permitted by law, the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Debtors, Reorganized NAPCUS, the Estates, and the Released Parties from any and all Claims, Interests, obligations, rights, liabilities, actions, causes of action, choses in action, suits, debts, damages, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and crossclaims (including all claims and actions against any Entities under the Bankruptcy Code) whatsoever, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, including any derivative Claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors or Reorganized NAPCUS, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date of the Plan. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan. For the avoidance of doubt, nothing in this paragraph shall in any way affect the operation of Section 8.1 of the Plan, pursuant to section 1141(d) of the Bankruptcy Code.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in this Section 8.5, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that such release is: (a) in exchange for the good and valuable consideration provided by the Debtors, Reorganized NAPCUS, the Estates, and the Released Parties; (b) a good faith settlement and compromise of the Claims released by this Section 8.5; (c) in the best interests of the Debtors and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any Entity granting a release under this Section 8.5 from asserting any Claim or Cause of Action released by this Section 8.5.

8.6 Exculpation

No Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Exculpated Claim or any obligation, Cause of Action, or liability for any Exculpated Claim; provided, however, that the foregoing "exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; provided, further, that in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to, or in connection with, the Plan. The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distributions pursuant to the Plan and, therefore, are not and shall not be liable

at any time for the violation of any applicable, law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

8.7 Injunction

Except as otherwise provided herein or for obligations issued pursuant hereto, all Entities that have held, hold, or may hold Claims or Interests that have been released pursuant to Section 8.3 or Section 8.5, discharged pursuant to Section 8.1 or are subject to exculpation pursuant to Section 8.6 are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, Reorganized NAPCUS, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff or subrogation of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has filed a Proof of Claim asserting or preserving the right to perform such setoff or has filed a motion requesting the right to perform such setoff on or before the Confirmation Date; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released, exculpated, or settled pursuant to the Plan.

8.8 Protection Against Discriminatory Treatment

Consistent with section 525 of the Bankruptcy Code and paragraph 2 of Article VI of the United States Constitution, no Governmental Unit shall discriminate against Reorganized NAPCUS or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, Reorganized NAPCUS, or another Entity with whom Reorganized NAPCUS has been associated, solely because one of the Debtors has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtor is granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8.9 Indemnification

Except as otherwise provided in the Plan, all indemnification provisions currently in place (whether in the by-laws, certificates of incorporation, board resolutions, contracts, or otherwise) for the directors, officers, employees, attorneys, other professionals, and agents of the Debtors and such directors' and officers' respective affiliates shall be reinstated (or assumed, as the case may be) and shall survive effectiveness of the Plan.

8.10 Recoupment

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

8.11 Release of Liens

Except as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates, if any, shall be fully released, and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to Reorganized NAPCUS and its successors and assigns.

8.12 Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the Effective Date, such Claim shall be forever disallowed notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Effective Date (a) such Claim has been adjudicated as noncontingent or (b) the relevant holder of a Claim has filed a noncontingent Proof of Claim on account of such Claim and a Final Order has been entered determining such Claim as no longer contingent.

ARTICLE IX

ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS

9.1 Professional Fee Escrow Account

On the Effective Date, the Debtors shall fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount for all Professionals. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals with respect to unpaid fees or expense or for whom fees or expenses have been held back pursuant to the Interim Compensation Order. Such funds shall not be property or be deemed property of the Debtors or Reorganized NAPCUS, as applicable. Reorganized NAPCUS shall cause Accrued Professional Compensation to be paid in Cash to such Professionals from the Professional Fee Escrow Account when such Claims are Allowed by a Bankruptcy Court order; provided that the Debtors' or Reorganized NAPCUS's liability for the Accrued Professional Compensation shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. When all Allowed Fee Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, shall be paid to Reorganized NAPCUS.

9.2 Professional Fee Reserve Amount

On or before the Effective Date, the Professionals shall estimate their Accrued Professional Compensation, including the Kinetic Completion Fee, prior to and as of the Confirmation Date and shall deliver such estimate to the Debtors. If a Professional does not provide an estimate, Reorganized NAPCUS may estimate the unpaid fees and expenses of such Professional. The total amount so estimated as of the Confirmation Date shall comprise the Professional Fee Reserve Amount; provided, that such estimate shall not be considered an admission or limitation with respect to the fees and expenses of such Professional.

9.3 Post-Confirmation Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses related to implementation and Consummation of the Plan incurred by the Debtors or Reorganized NAPCUS, as the case may be. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and Reorganized NAPCUS may employ and pay any Professional for services rendered or expenses incurred after the Confirmation Date in the ordinary course of business without any further notice to any party or action, order, or approval of the Bankruptcy Court. Unless otherwise approved by the Bankruptcy Court prior to entry of the Confirmation Order, upon entry of the Confirmation Order, the Completion Fee shall be approved and shall be paid on the Effective Date. Upon entry of the Confirmation Order and occurrence of the Effective Date, the reasonable and documented fees and expenses that Professionals for the Equity Committee incurred prior to, but in contemplation of, the appointment of the Equity Committee shall be paid by Reorganized NAPCUS.

ARTICLE X

CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

10.1 Conditions Precedent to the Effective Date

It shall be a condition to the Effective Date that the following conditions shall have been satisfied or waived pursuant to Section 10.2 hereof:

(a) the Confirmation Order, which shall provide that, among other things, the Debtors or Reorganized NAPCUS are authorized and directed to take any and all actions necessary or appropriate to consummate the Plan, shall have been entered and such order shall not have been stayed, modified, or vacated on appeal;

(b) all documents and agreements necessary to implement the Plan, including the Investment Agreements, shall have (a) all conditions precedent to such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, and (b) been effected or executed; and

(c) all actions, documents, Certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with and approved by any applicable Governmental Units in accordance with applicable laws.

10.2 Waiver of Conditions Precedent

The Debtors may waive any of the conditions to the Effective Date set forth in this Article at any time without any notice to other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action other than proceeding to confirm or consummate the Plan.

10.3 Effect of Non-Occurrence of Conditions to Consummation

If prior to Consummation, the Confirmation Order is vacated pursuant to a Final Order, then except as provided in any order of the Bankruptcy Court vacating the Confirmation Order, the Plan will be null and void in all respects, and nothing contained in the Plan or Disclosure Statement shall (a) constitute a waiver or release of any Claims, Interests, or Causes of Action, (b) prejudice in any manner the rights of any Debtor or any other Entity, or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by any Debtor or any other Entity.

ARTICLE XI

MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

11.1 Modification of Plan

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan before the entry of the Confirmation Order and (b) after the entry of the Confirmation Order, the Debtors or Reorganized NAPCUS, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

11.2 Revocation or Withdrawal of Plan

The Debtors reserve the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then: (a) the Plan will be null and void in all respects; (b) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant hereto will be null and void in all respects; and (c) nothing contained in

the Plan shall (i) constitute a waiver or release of any Claims, Interests, or Causes of Action, (ii) prejudice in any manner the rights of any Debtor or any other Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by any Debtor or any other Entity.

11.3 Confirmation of the Plan

The Debtors request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Debtors reserve the right to amend the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

ARTICLE XII

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to Executory Contracts or Unexpired Leases, including: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Cure or Claims arising therefrom, including pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) Reorganized NAPCUS's amendment, modification, or supplement, after the Effective Date, pursuant to Article V, of the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to distributions under the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. grant any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of all contracts, instruments, releases, indentures, and other agreements or documents approved by Final Order in the Chapter 11 Cases;

13. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

15. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim for amounts not timely repaid pursuant to Section 6.6(a);

16. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

17. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

18. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

19. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

20. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

21. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

22. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

23. hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

24. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted under the Plan;

25. enforce all orders previously entered by the Bankruptcy Court; and

26. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Reorganized NAPCUS, as applicable, and all holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

13.2 Payment of Statutory Fees

All fees payable pursuant to 28 U.S.C. § 1930(a), as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code if necessary, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or a Final Decree is issued, whichever occurs first.

13.3 Dissolution of Creditors' Committee

On the Effective Date, the Creditors' Committee shall dissolve automatically, and its members shall be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the Chapter 11 Cases; provided, the Creditors' Committee shall be deemed to remain in existence solely with respect to applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.

13.4 Dissolution of Equity Committee

On the Effective Date, the Equity Committee shall dissolve automatically, and its members shall be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the Chapter 11 Cases; provided, the Equity Committee shall be deemed to remain in existence solely with respect to applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.

13.5 Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims or Interests prior to the Effective Date.

13.6 Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

13.7 Service of Documents

After the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to Reorganized NAPCUS shall be served on:

Reorganized NAPCUS	Attorneys for Reorganized NAPCUS
NORTH AMERICAN PETROLEUM CORPORATION USA 525 South Main Street, Suite 1120 Tulsa, Oklahoma 74103 Attn.: Louis G. Schott	KIRKLAND & ELLIS LLP 300 North LaSalle Chicago, Illinois 60654 Attn.: David R. Seligman, Ryan Blaine Bennett and Paul Wierbicki KLEHR HARRISON HARVEY BRANZBURG LLP 919 Market Street, Suite 1000 Wilmington, Delaware 19801-3062 Attn.: Domenic E. Pacitti

After the Effective Date, the Debtors may notify Entities that, in order to continue receiving documents pursuant to Bankruptcy Rule 2002, such Entities must file with the Bankruptcy Court a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, Reorganzied NAPCUS is authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have filed such renewed requests.

13.8 Term of Injunctions or Stays

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

13.9 Entire Agreement

Except as otherwise indicated, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

13.10 Conflicts

Except as set forth in the Plan, to the extent any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, appendices, supplements or amendments to any of the foregoing), conflict with or are inconsistent with any provision of the Plan, the Plan shall govern and control.

13.11 Plan Supplement Exhibits

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are filed, copies of such exhibits and documents shall be made available to the Creditors' Committee and Equity Committee and upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from http://dm.epiq11.com/NAP/Project/default.aspx or the Bankruptcy Court's website at www.deb.uscourts.gov. Unless otherwise ordered by the Bankruptcy Court, to the extent any exhibit or document in the Plan Supplement is inconsistent with the terms of any part of the Plan that does not constitute the Plan Supplement, such part of the Plan that does not constitute the Plan Supplement shall control.

13.12 Non-Severability

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to

make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (c) nonseverable and mutually dependent.

[*The remainder of this page is intentionally left blank.*]

Dated: July 29, 2011

Respectfully submitted,

NORTH AMERICAN PETROLEUM CORPORATION USA
PETROFLOW ENERGY LTD.
PRIZE PETROLEUM LLC

/s/ Richard Menchaca

By: Richard Menchaca
Title: Chief Executive Officer

EXHIBIT B

Letter to Voting Classes

North American Petroleum Corporation USA

On July 29, 2011, North American Petroleum Corporation USA ("NAPCUS"), Prize Petroleum LLC ("Prize") and Petroflow Energy Ltd. ("Petroflow," and, collectively with NAPCUS and Prize, the "Debtors") filed: (a) the *Disclosure Statement for the First Amended Joint Chapter 11 Plan of North American Petroleum corporation USA et. al.* (the "Disclosure Statement"); and (b) the *First Amended Joint Chapter 11 Plan of North American Petroleum corporation USA et. al.* (the "Plan").[1] On July 29, 2011, the Bankruptcy Court entered the *Order (A) Approving Adequacy of the Debtors' the Disclosure Statement; (B) Approving Solicitation and Notice Procedures with Respect to Confirmation of the Debtors' Proposed Plan of Reorganization, (C) Approving the Form of Various Ballots and Notices in Connection Therewith; and (D) Scheduling Certain Dates with Respect Thereto* (the "Disclosure Statement Order"), which, among other things, approved certain procedures (the "Solicitation Procedures") with respect to the solicitation of votes to accept or reject the Plan.

You have received this letter and the enclosed materials because you are entitled to vote on the Plan.

The enclosed materials constitute the Debtors' "Solicitation Package" and consist of the following:

- the Disclosure Statement Order (with the Solicitation Procedures, which shall be attached as Exhibit 1 thereto);
- the approved form of the Disclosure Statement (together with the Plan) with an appropriate form of Ballot and voting instructions with respect thereto, if applicable (with a pre-addressed, postage prepaid return envelope);
- this cover letter in support of the Plan;
- the notice of the Confirmation Hearing; and
- such other materials as the Bankruptcy Court may direct.

The Debtors' board of directors has approved the filing and solicitation of the Plan. The Debtors believe that the acceptance of the Plan is in the best interests of the holders of claims against and interests in each of the Debtors. Moreover, the Debtors believe that any alternative other than confirmation of the Plan could result in delays and increased administrative expenses that likely would result in reduced distributions on account of Claims and Interests.

The materials that constitute the Plan Supplement, as described in the Disclosure Statement and the Plan, will be filed no later than ten business days prior to the Voting Deadline.

---

[1] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan or the Disclosure Statement, as applicable.

THE DEBTORS, THEREFORE, RECOMMEND THAT ALL ENTITIES ENTITLED TO VOTE SUBMIT A TIMELY BALLOT VOTING TO ACCEPT THE PLAN.

The materials in the Solicitation Package are intended to be self-explanatory. If you have any questions, however, please feel free to contact the Debtors' Claims and Solicitation Agent: by (a) calling the Debtors' restructuring hotline at (646) 282-2400; (b) visiting the Debtors' restructuring website at http://dm.epiq11.com/NAPCUS; and/or (c) writing to North American Petroleum Corporation USA, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, Third Floor, New York, New York 10017. You may also obtain copies of any pleadings filed in these chapter 11 cases for a fee via PACER at: http://www.deb.uscourts.gov.

EXHIBIT C

Signed Disclosure Statement Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NORTH AMERICAN PETROLEUM CORPORATION USA, *et al.*,[1]	)	Case No. 10-11707 (CSS)
	)	Jointly Administered
Debtors.	)	**Re: Docket Nos. 897, 949**

ORDER (A) APPROVING THE ADEQUACY OF THE DEBTORS' DISCLOSURE STATEMENT; (B) APPROVING SOLICITATION AND NOTICE PROCEDURES WITH RESPECT TO CONFIRMATION OF THE DEBTORS' PROPOSED PLAN OF REORGANIZATION; (C) APPROVING THE FORM OF VARIOUS BALLOTS AND NOTICES IN CONNECTION THEREWITH; AND (D) SCHEDULING CERTAIN DATES WITH RESPECT THERETO

Upon the motion (the "Motion") of the Debtors for entry of an order (this "Disclosure Statement Order") approving: (a) the adequacy of the *Disclosure Statement for the First Amended Joint Chapter 11 Plan of North American Petroleum Corporation USA, et al.* (as amended from time to time, the "Disclosure Statement");[2] (b) the solicitation procedures (the "Solicitation Procedures"),[3] substantially in the form attached as **Exhibit 1** to this Disclosure Statement Order; and (c) the forms of various ballots and notices in connection therewith, and

[1] The Debtors in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian corporation number, include: North American Petroleum Corporation USA (9766); Prize Petroleum LLC (2460); and Petroflow Energy Ltd. (517-5). The location of the Debtors' corporate headquarters and the Debtors' service address is: 525 South Main Street, Suite 1120, Tulsa, Oklahoma 74103, Attn.: Louis G. Schott.

[2] All capitalized terms used, but not defined herein, shall have the meaning attributed to such terms in the Motion, the Disclosure Statement, the *First Amended Joint Chapter 11 Plan of North American Petroleum Corporation USA, et al.* (as amended from time to time, the "Plan") or the Solicitation Procedures (as defined herein), as applicable.

[3] To the extent there is any inconsistency between the Motion and the Solicitation Procedures, the Solicitation Procedures shall govern.

scheduling certain dates with respect thereto; and the Bankruptcy Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest; and the Debtors having provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances and no other or further notice need be provided; and the Bankruptcy Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Bankruptcy Court (the "Hearing"); and the Bankruptcy Court having overruled any objections to the Motion; and the Bankruptcy Court having determined that the notices described in the Motion and attached hereto as exhibits each constitute adequate and sufficient notice of the items and events set forth therein; and the Bankruptcy Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Bankruptcy Court; after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is granted.

1. APPROVAL OF THE DISCLOSURE STATEMENT AND THE NOTICE OF THE DISCLOSURE STATEMENT HEARING.

2. The Disclosure Statement complies with all aspects of section 1125 of the Bankruptcy Code and is hereby approved as containing "adequate information" (as defined by section 1125(a) of the Bankruptcy Code).

3. The Disclosure Statement Hearing Notice, in substantially the form attached hereto as **Exhibit 2**, filed by the Debtors and served upon parties in interest in these chapter 11

cases on June 24, 2011 constitutes adequate and sufficient notice of the time fixed for filing objections and the hearing to consider approval of the Disclosure Statement in accordance with Bankruptcy Rules 2002 and 3017 and Local Rule 3017-1.

4. The form of Share Surrender Notice set forth as **Exhibit 5-C** hereto is approved and the Debtors and their agents are authorized to undertake all steps necessary or appropriate to provide Holders of Petroflow Interests notice of their opportunity to surrender their Petroflow Interests within the Surrender Period.

2. FIXING THE VOTING RECORD DATE.

5. July 29, 2011 shall be the record date (the "Voting Record Date") for determining: (a) the holders of Claims and Interests entitled to receive a copy of the Solicitation Package; (b) the holders of Claims entitled to vote to accept or reject the Plan; and (c) whether Claims have been properly transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the holder of such Claim.

6. With respect to any transferred Claim, the transferee shall be entitled to receive a Solicitation Package and, if the holder of such Claim is entitled to vote with respect to the Plan, cast a ballot on account of such Claim only if such transfer or assignment has been fully effectuated pursuant to the procedures set forth in Bankruptcy Rule 3001(e) and such transfer is reflected on the Claims Register on the Voting Record Date.

3. APPROVAL OF SOLICITATION PACKAGE AND THE PROCEDURES FOR DISTRIBUTION THEREOF.

7. The Solicitation Package will comprise the following materials, the form of each of which, to the extent not otherwise approved herein, is hereby approved:

a) either (i) for Holders of Claims who are entitled to vote on the Plan, this Disclosure Statement Order (with the Solicitation Procedures attached as an exhibit thereto and excluding all other exhibits thereto) and the approved form of the Disclosure Statement (together with the Plan) in

with an appropriate form of ballot and voting instructions, with a pre-addressed, postage prepaid return envelope; or (ii) for Holders of Claims who are not entitled to vote on the Plan, a notice of non-voting status;

b) if entitled to vote on the Plan, such holder also will receive a letter from the Debtors urging the holders of each Class entitled to vote on the Plan to vote to accept the Plan and, if applicable, a letter in form and substance, acceptable to the Debtors in their discretion, from the Creditors' Committee urging creditors entitled to vote on the Plan to vote to accept the Plan;

c) the Confirmation Hearing Notice; and

d) such other materials as the Bankruptcy Court may direct.

8. The Solicitation Package provides holders of Claims entitled to vote on the Plan with adequate information to make informed decisions with respect to voting on the Plan in accordance with Bankruptcy Rules 2002(b) and 3017(d), the Bankruptcy Code, and the Local Rules.

9. The Debtors shall transmit the Solicitation Package to those holders of Claims entitled to vote on the Plan as of the Voting Record Date within five (5) Business Days after entry of this Disclosure Statement Order (the "Solicitation Deadline").

10. The Ballots, substantially in the forms attached hereto as **Exhibit 4**, are hereby approved.

11. Holders of Claims in the following Classes (the "Voting Classes") are the only Creditors entitled to vote to accept or reject the Plan:

Class	Description
3	Petroflow General Unsecured Claims
4	NAPCUS General Unsecured Claims

12. Any party may request an additional paper copy of the solicitation documents by contacting the Claims and Solicitation Agent by: (a) accessing the Debtors' restructuring

website at http://dm.epiq11.com/NAP, (b) writing to NAPCUS Ballot Processing, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; or (c) calling the Claims and Solicitation Agent at (646) 282-2400. If the Debtors receive such a request for a paper copy of the documents, the Debtors will send a copy to the requesting party by overnight delivery at the Debtors' expense.

13. The Debtors shall serve, or cause to be served, all of the materials in the Solicitation Package (except for the Ballots) on: (a) the U.S. Trustee; (b) the Creditors' Committee; (c) the Internal Revenue Service; (d) the SEC; (e) the Delaware Secretary of State; (f) the Delaware Secretary of the Treasury; (g) the Equity Committee; (h) the U.S. Attorney for the District of Delaware and (i) all entities that have filed a request for service of filings in the chapter 11 cases pursuant to Bankruptcy Rule 2002.

14. The Debtors shall be excused from mailing a copy of the Solicitation Package to those Entities to whom the Debtors mailed a notice regarding the Disclosure Statement Hearing and received a notice from the United States Postal Service or other carrier that such notice was undeliverable unless such Entity provides the Debtors, through the Claims and Solicitation Agent, with an accurate address not less than ten calendar days prior to the Solicitation Date. If an Entity has changed its mailing address after the Petition Date, the burden is on such Entity, not the Debtors, to advise the Debtors and the Claims and Solicitation Agent of the new address. Failure to distribute Solicitation Packages to such entities will not constitute inadequate notice of the Confirmation Hearing or the Voting Deadline, and is not a violation of Bankruptcy Rule 3017(d).

15. Except to the extent the Debtors determine otherwise, the Debtors are not required to provide a copy of the Solicitation Package to holders of Claims or Interests in Classes not

entitled to vote on the Plan. Instead, by the Solicitation Deadline, the Debtors shall mail to the parties not entitled to vote on the Plan, in lieu of the Solicitation Package, (a) a copy of the Confirmation Hearing Notice, (b) a copy of the Solicitation Procedures, and (c) the appropriate Notice of Non-Voting Status, the form of each of which is hereby approved:

a. Unclassified and Unimpaired Claims—Deemed to Accept: Holders of Unclassified Claims and holders of Claims in the Unimpaired Classes are conclusively presumed to have accepted the Plan, and accordingly are not entitled to vote on the Plan. Such holders will receive the *Notice of Non-Voting Status With Respect to Unclassified Claims and Unimpaired Classes Presumed to Accept the Plan* in the form attached hereto as **Exhibit 5-A**.

b. Impaired Claims and Interests—Deemed to Reject: Holders of Interests in the Deemed Rejecting Classes are conclusively deemed to reject the Plan, and accordingly are not entitled to vote on the Plan. Such holders will receive the *Notice of Non-Voting Status With Respect to Impaired Classes Deemed to Reject the Plan* in the form attached hereto as **Exhibit 5-B**.

16. The holders of Class 5A Petroflow Emergence Interests and Class 5B Petroflow Other Interests shall be deemed to have rejected the Plan, and the Debtors are not required to solicit votes on the Plan from such holders.

17. The form of the Disputed Claim Status Notice, substantially in the form attached hereto as **Exhibit 7**, is hereby approved.

18. The forms of notices to be provided to parties to Executory Contracts or Unexpired Leases rejected or assumed pursuant to the Plan, attached hereto as **Exhibit 6**, is hereby approved.

4. ESTABLISHING PROCEDURES FOR VOTING ON THE PLAN.

19. In order for the votes of holders of Claims in the Voting Classes to accept or reject the Plan to be counted, each such holder must properly complete, execute, and deliver its respective Ballot so that it is actually received by the Claims and Solicitation Agent on or before September 2, 2011, 5:00 p.m. prevailing Eastern Time (the "Voting Deadline"); provided that the

Debtors may, in their sole discretion and without further petition to or approval from the Court, extend the Voting Deadline upon notice to all Holders of Claims in the Voting Classes.

20. The Debtors shall use the following hierarchy to determine the amount of the Claim associated with the vote of each holder of a Claim in the Voting Classes:

a. the Claim amount settled and/or agreed upon by the Debtors, as reflected in a document filed with the Bankruptcy Court, in an order entered by the Bankruptcy Court, or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court;

b. the Claim amount contained in a Proof of Claim that has been timely filed by the Bar Date (or deemed timely filed by the Bankruptcy Court under applicable law); provided, however, that any Claim amount contained in a Proof of Claim asserted in a currency other than U.S. dollars shall be automatically converted to the equivalent U.S. dollar value using the exchange rate as of Friday, July 29, 2011, as quoted at 4:00 p.m. (prevailing Eastern Time), mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal* (national edition), on Friday, July 29, 2011; provided further, however, that Ballots cast by holders who timely file a Proof of Claim in respect of a contingent claim or in a wholly-unliquidated or unknown amount that is not the subject of an objection will count for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code and will count as Ballots for Claims in the amount of $1.00 solely for the purposes of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code, and, if a Proof of Claim is filed as partially liquidated and partially unliquidated, such Claim will be allowed for voting purposes only in the liquidated amount; provided further, however, that to the extent the Claim amount contained in the Proof of Claim is different from the Claim amount set forth in a document filed with the Bankruptcy Court as referenced in Paragraph D.1 of the Solicitation Procedures, the Claim amount in the document filed with the Bankruptcy Court shall supersede the Claim set forth on the respective Proof of Claim;

c. the Claim amount listed in the Schedules; provided that such Claim is not scheduled as contingent, disputed, or unliquidated and has not been paid;

d. notwithstanding anything to the contrary in the Solicitation Procedures, the Debtors propose that any Creditor who has filed or purchased (i) duplicate Claims (whether against the same or multiple Debtors) or (ii) Claims against multiple Debtors arising from the same transaction (e.g., guarantee Claims or Claims for joint or several liability) be provided with only one copy of the materials in the Solicitation Package and one

Ballot and be permitted to vote only a single Claim, regardless of whether the Debtors have objected to such duplicate Claims; and

e. in the absence of any of the foregoing, zero.

21. The Claim amount established as set forth above shall control for voting purposes only, and shall not constitute the Allowed amount of any Claim. Moreover, any amounts filled in on Ballots by the Debtors through the Claims and Solicitation Agent are not binding for purposes of allowance and distribution.

22. The Debtors are authorized to solicit, receive, and tabulate votes to accept the Plan in accordance with the Solicitation Procedures, substantially in the form attached hereto as **Exhibit 1**; provided, however, that the Debtors reserve the right to amend or supplement the Solicitation Procedures if, in the Debtors' business judgment, doing so would better facilitate the solicitation process.

23. The Debtors are authorized to use the voting procedures set forth in Paragraph D.3 of the Solicitation Procedures in tabulating the Ballots:

5. ESTABLISHING CONFIRMATION HEARING DATE, NOTICE, AND OBJECTION PROCEDURES.

24. The Confirmation Hearing will commence at 1:00 p.m., prevailing Eastern Time, on September 14, 2011, before the Honorable Christopher S. Sontchi, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

25. The form of the Confirmation Hearing Notice, substantially in the form attached hereto as **Exhibit 3**, is hereby approved, and the Debtors are authorized to send the Confirmation Hearing Notice to all applicable parties.

26. The Debtors shall publish the Confirmation Hearing Notice one time in the following publications in order to provide notification to those Entities who may not receive notice by mail: *The Wall Street Journal* (national edition), *The Globe and Mail*, the *Tulsa World*, and the *San Antonio Express-News*.

27. Any objection to Confirmation of the Plan must: (a) be in writing; (b) conform to the applicable Bankruptcy Rules and Local Rules; (c) state the name and address of the objecting party and the amount and nature of the Claim or Interest of such Entity; and (d) state with particularity the basis and nature of any objection and, if practicable, a proposed modification to the Plan that would resolve such objection. Responses or objections, if any, also must be filed with the Bankruptcy Court and served upon each of the following parties so as to be actually received no later than 5:00 p.m. prevailing Eastern Time on September 2, 2011, by each of the following parties:

<table>
<tr><td colspan="3">Co-Counsel to the Debtors</td></tr>
<tr><td>KIRKLAND & ELLIS LLP
David R. Seligman, P.C.
Ryan Blaine Bennett
Paul Wierbicki
300 North LaSalle
Chicago, Illinois 60654</td><td colspan="2">KLEHR HARRISON HARVEY BRANZBURG LLP
Domenic E. Pacitti
Margaret M. Manning
919 Market Street, Suite 1000
Wilmington, Delaware
19801-3062

Morton Branzburg
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania
19103</td></tr>
<tr><td colspan="3">Co-Counsel for Committee of Unsecured Creditors</td></tr>
<tr><td>MARTIN & DROUGHT, P.C.
Mike Colvard
30 Covent Street
Bank of America Plaza, 25th Floor
San Antonio, Texas 78205-3789</td><td colspan="2">BIFFERATO GENTILOTTI LLC
Garvan F. McDaniel
Mary E. Augustine
800 N. King Street, Plaza Level
Wilmington, Delaware 19801</td></tr>
<tr><td colspan="3">Co-Counsel for Official Committee of Equity Security Holders</td></tr>
<tr><td>CURTIS, MALLET-PREVOST, COLT & MOSLE LLP
Steven J. Reisman
101 Park Avenue
New York, New York 10178-0061</td><td colspan="2">YOUNG CONAWAY STARGATT & TAYLOR, LLP
David R. Hurst
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899</td></tr>
<tr><td colspan="3">Office of the United States Trustee</td></tr>
<tr><td colspan="3">OFFICE OF THE UNITED STATES TRUSTEE
FOR THE DISTRICT OF DELAWARE
Mark S. Kenney
844 King Street, Suite 2207
Wilmington, Delaware 19801</td></tr>
</table>

28. Any objection to Confirmation of the Plan not filed and served as set forth herein shall be deemed waived.

29. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Disclosure Statement Order in accordance with the Motion.

30. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, or 9014, the terms and conditions of this Disclosure Statement Order shall be immediately effective and enforceable upon its entry.

Dated: 7/29, 2011
Wilmington, Delaware

The Honorable Christopher S. Sontchi
United States Bankruptcy Judge

EXHIBIT 1

Solicitation Procedures

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NORTH AMERICAN PETROLEUM CORPORATION USA, *et al.*,[1]	)	Case No. 10-11707 (CSS)
	)	Jointly Administered
Debtors.	)	

SOLICITATION PROCEDURES

On July 29, 2011, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered the *Order (A) Approving the Adequacy of the Debtors' Disclosure Statement; (B) Approving Solicitation and Notice Procedures with Respect to Confirmation of the Debtors' Proposed Plan of Reorganization; (C) Approving the Form of Various Ballots and Notices in Connection Therewith; and (D) Scheduling Certain Dates with Respect Thereto* [Docket No. ___] (the "Disclosure Statement Order") that, among other things, (a) approved the adequacy of the *Disclosure Statement for the First Amended Joint Chapter 11 Plan of North American Petroleum Corporation USA, et al.* (as may be amended from time to time and including all exhibits and supplements thereto, the "Disclosure Statement") filed in support of the *First Amended Joint Chapter 11 Plan of North American Petroleum Corporation USA, et al.* (as may be amended from time to time and including all exhibits and supplements, the "Plan") and (b) authorized the above-captioned debtors and debtors in possession (the "Debtors") to solicit acceptances or rejections of the Plan from holders of Claims in Classes 3 and 4 who are (or may be) entitled to receive distributions under the Plan.[2]

A. The Voting Record Date

The Bankruptcy Court has approved July 29, 2011, (the "Voting Record Date") as the record date for purposes of determining which holders of Claims in Class 3 and Class 4 (collectively, the "Voting Classes") are entitled to vote on the Plan.

---

1 The Debtors in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian corporation number, include: North American Petroleum Corporation USA (9766); Prize Petroleum LLC (2460); and Petroflow Energy Ltd. (517-5). The location of the Debtors' corporate headquarters and the Debtors' service address is: 525 South Main Street, Suite 1120, Tulsa, Oklahoma 74103, Attn.: Louis G. Schott.

2 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan or the Disclosure Statement, as applicable. Copies of the Plan and the Disclosure Statement may be obtained by: (a) accessing the Debtors' restructuring website at http://dm.epiq11.com/NAP, (b) writing to NAPCUS Ballot Processing, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; or (c) calling Epiq Bankruptcy Solutions, LLC (the "Claims and Solicitation Agent") at (646) 282-2400.

B. The Voting Deadline

The Bankruptcy Court has approved **September 2, 2011, at 5:00 p.m. prevailing Eastern Time**, as the voting deadline (the "Voting Deadline") for the Plan. The Debtors may extend the Voting Deadline without further order of the Court to a date no later than three business days before the Confirmation Hearing. To be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed, and delivered by (a) first class mail; (b) courier; or (c) personal delivery so that they are actually received, in any case, no later than the Voting Deadline by the Claims and Solicitation Agent.

To be counted as votes, Ballots must be returned to one of the following address: (a) via First Class Mail, NAPCUS Ballot Processing, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; or (b) via Overnight or Hand Delivery, NAPCUS Ballot Processing, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, 3rd Floor, New York, New York 10017.

C. Form, Content, and Manner of Notices

1. The Solicitation Package. The following materials shall constitute the solicitation package (the "Solicitation Package"):

a. either (i) for Holders of Claims who are entitled to vote on the Plan, the Disclosure Statement Order (with the Solicitation Procedures attached as an exhibit thereto but excluding all other exhibits) and the approved form of the Disclosure Statement (together with the Plan) with an appropriate form of ballot and voting instructions, with a pre-addressed, postage prepaid return envelope; or (ii) for Holders of Claims who are not entitled to vote on the Plan, a notice of non-voting status;

b. if entitled to vote on the Plan, such holder also will receive a letter from the Debtors urging the holders of each Class entitled to vote on the Plan to vote to accept the Plan and, if applicable, a letter in form and substance, acceptable to the Debtors in their discretion, from the Creditors' Committee urging creditors entitled to vote on the Plan to vote to accept the Plan;

c. the Confirmation Hearing Notice; and

d. such other materials as the Bankruptcy Court may direct.

2. Distribution of the Solicitation Package.

The Solicitation Package (excluding the Ballots and the Confirmation Hearing Notice) may be provided in CD-ROM format. The applicable Ballots shall be sent in paper form along with a copy of the Confirmation Hearing Notice. Any holder of a Claim or Interest may obtain a paper copy of the documents otherwise provided on CD-ROM by: (a) accessing the Debtors' restructuring website at http://dm.epiq11.com/NAP, (b) writing to NAPCUS Ballot Processing, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; or (c) calling the Claims and Solicitation Agent at (646) 282-2400. If the Debtors

receive such a request for a paper copy of the documents, the Debtors will send a copy to the requesting party by overnight delivery at the Debtors' expense.[3]

The Debtors shall serve, or cause to be served, all of the materials in the Solicitation Package (excluding the Ballot) on: (a) the Office of the United States Trustee for the District of Delaware; (b) the Creditors' Committee; (c) the Equity Committee; (d) the Internal Revenue Service; (e) the SEC; (f) the Delaware Secretary of State; (g) the Delaware Secretary of the Treasury; (h) the U.S. Attorney for the District of Delaware; and (i) all entities that have filed a request for service of filings in the chapter 11 cases pursuant to Bankruptcy Rule 2002.

In addition, the Debtors will mail, or cause to be mailed, the Solicitation Package to any of the Entities listed in subparagraphs a-d below:

a. all Entities who, on or before the Voting Record Date, have timely filed a Proof of Claim (or an untimely Proof of Claim which has been deemed timely by the Bankruptcy Court under applicable law on or before the Voting Record Date) in an amount greater than $0.00 that (i) has not been expunged, disallowed, disqualified, or suspended prior to the Voting Record Date; and (ii) is not the subject of a pending objection on the Voting Record Date; provided, however, that the holders of a Claim that is the subject of a pending objection on a reduce and allow basis shall receive a Solicitation Package based on such Claim at the reduced amount;

b. all Entities listed in the Schedules as holding a noncontingent, liquidated, undisputed Claim as of the Voting Record Date (which has not been superseded by a timely filed proof of claim, except to the extent that such Claim was paid, expunged, disallowed, disqualified, or suspended prior to the Voting Record Date;

c. all Entities that hold Claims pursuant to an agreement or settlement with the Debtors executed prior to the Voting Record Date, as reflected in a document filed with the Bankruptcy Court, in an order entered by the Bankruptcy Court, or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court, regardless of whether a Proof of Claim has been filed;

d. with respect to any Entity described in subparagraphs a-c above who, on or before the Voting Record Date, has transferred such Entity's Claim to another Entity, to the assignee of such Claim in lieu of to the assigning Entity; provided that such transfer or assignment has been fully effectuated pursuant to the procedures set forth in Bankruptcy Rule 3001(e) and such transfer is reflected on the Claims Register on the Voting Record Date; and

The Debtors shall make every reasonable effort to ensure that Creditors who have more than one Claim in a single Class receive no more than one set of the Solicitation Package materials.

---

[3] The Ballots are not available on the Debtors' restructuring website. Holders of Claims must contact the Claims and Solicitation Agent directly by writing or by telephone in order to obtain a Ballot.

3. Form of Notice to Unclassified Claims, Classes Presumed to Accept the Plan, and Classes Deemed to Reject the Plan. Certain holders of Claims or Interests that are not classified in accordance with 11 U.S.C. § 1123(a)(1) or who are not entitled to vote because they are Unimpaired or otherwise presumed to accept the Plan under 11 U.S.C. § 1126(f) will receive only: (a) the Confirmation Hearing Notice, and (b) the *Non-Voting Status Notice With Respect to Unclassified Claims and Unimpaired Classes Presumed to Accept the Plan*, substantially in the form attached as **Exhibit 5-A** to the Disclosure Statement Order. Such notice will instruct these holders as to how they may obtain copies of the documents contained in the Solicitation Package (excluding Ballots). Certain holders of Claims or Interests who are not entitled to vote because they are deemed to reject the Plan under 11 U.S.C. § 1126(g) will receive only: (a) the Confirmation Hearing Notice, and (b) the *Non-Voting Status Notice With Respect to Impaired Classes Deemed to Reject the Plan*, substantially in the form attached as **Exhibit 5-B** to the Disclosure Statement Order. Such notice will instruct these holders as to how they may obtain copies of the documents contained in the Solicitation Package (excluding Ballots).

4. Retained Causes of Action and Counterparties to Executory Contracts and Unexpired Leases Notices. In the Confirmation Hearing Notice, which will be served on all Creditors and interested parties, including parties listed on Schedule G of the Schedules, the Debtors shall provide notice that prior to the Confirmation Hearing, the Debtors intend to file a Plan Supplement that includes, among other things, the list of assumed Executory Contracts (with associated Cure amounts, if any), and a description of retained Causes of Action. The Debtors do not intend to serve copies of the Plan Supplement. Instead, the Confirmation Hearing Notice will inform recipients that the Plan Supplement may be obtained from the Debtors' restructuring website at http://dm.epiq11.com/NAP.[4] After they have filed the Plan Supplement, the Debtors will send a separate notice advising applicable counterparties to Executory Contracts listed in the Plan Supplement that their respective contracts are being assumed under the Plan and setting forth the proposed Cure amounts, if any, associated therewith.

5. Publication of Confirmation Hearing Notice. In addition to the above, the Debtors shall, one time after the Disclosure Statement Hearing, publish the Confirmation Hearing Notice in the following publications in order to provide notification to those Entities who may not receive notice by mail: *The Wall Street Journal* (national, European, and Asian editions), *The Globe and Mail*, the *Tulsa World*, and the *San Antonio Express-News*.

D. Voting and General Tabulation Procedures

1. Holders of Claims Entitled to Vote. Only the following holders of Claims in the Voting Classes shall be entitled to vote with regard to such Claims:

a. all Entities who, on or before the Voting Record Date, have timely filed a Proof of Claim (or an untimely Proof of Claim which has been Allowed as timely by the

[4] Any interested party seeking particular documents in the Plan Supplement may also contact the Claims and Solicitation Agent by writing to NAPCUS Ballot Processing, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5014, New York, New York 10150-5014; or by calling the Claims and Solicitation Agent at (646) 282-2400.

Bankruptcy Court under applicable law on or before the Voting Record Date) in an amount greater than $0.00 that (i) has not been expunged, disallowed, disqualified, or suspended prior to the Voting Record Date; and (ii) is not the subject of a pending objection on the Voting Record Date; provided, however, that the holder of a Claim that is the subject of a pending objection may vote if a Resolution Event occurs prior to the Voting Deadline; provided further that the holder of a Claim that is subject to a pending objection on a "reduce and allow" basis shall receive a Solicitation Package based on such Claim at the reduced amount;

b. all Entities listed in the Schedules as holding a noncontingent, liquidated, undisputed Claim as of the Voting Record Date (which has not been superseded by a timely filed proof of claim, except to the extent that such Claim was paid, expunged, disallowed, disqualified, or suspended prior to the Voting Record Date;

c. all Entities that hold Claims pursuant to an agreement or settlement with the Debtors executed prior to the Voting Record Date, as reflected in a document filed with the Bankruptcy Court, in an order entered by the Bankruptcy Court, or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court, regardless of whether a Proof of Claim has been filed; and

d. the assignee of any Claim described in subparagraphs a-c above in lieu of the assigning Entity; provided that such transfer or assignment has been fully effectuated pursuant to the procedures set forth in Bankruptcy Rule 3001(e) and such transfer is reflected on the Claims Register on the Voting Record Date.

2. Establishing Claim Amounts. In tabulating votes, the following hierarchy shall be used to determine the amount of the Claim associated with each Creditor's vote:

a. the Claim amount settled and/or agreed upon by the Debtors, as reflected in a document filed with the Bankruptcy Court, in an order entered by the Bankruptcy Court, or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court;

b. the Claim amount contained in a Proof of Claim that has been timely filed by the Bar Date (or deemed timely filed by the Bankruptcy Court under applicable law); provided, however, that any Claim amount contained in a Proof of Claim asserted in a currency other than U.S. dollars shall be automatically converted to the equivalent U.S. dollar value using the exchange rate as of Friday, July 29, 2011, as quoted at 4:00 p.m. (prevailing Eastern Time), mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal* (national edition), on Friday, July 29, 2011; provided further, however, that Ballots cast by holders who timely file a Proof of Claim in respect of a contingent claim or in a wholly-unliquidated or unknown amount that is not the subject of an objection will count for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code and will count as Ballots for Claims in the amount of $1.00 solely for the purposes of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code, and, if a Proof of Claim is filed as partially liquidated and partially unliquidated, such Claim will be allowed for voting purposes only in the liquidated amount; provided further, however, that to the extent the Claim amount contained in the Proof of Claim is different from the Claim amount set forth in a document filed with the Bankruptcy Court as referenced in Paragraph D.1 above, the Claim amount in the

document filed with the Bankruptcy Court shall supersede the Claim set forth on the respective Proof of Claim; provided further, however, that to the extent scheduled Claims have been amended or superceded, the amount of such Claim on the proof of claim shall control for purposes of voting, subject to the following

c. the Claim amount listed in the Schedules; provided that such Claim is not scheduled as contingent, disputed, and/or unliquidated and has not been paid;

d. notwithstanding anything to the contrary contained herein, the Debtors propose that any Creditor who has filed or purchased (i) duplicate Claims (whether against the same or multiple Debtors) or (ii) Claims against multiple Debtors arising from the same transaction (e.g., guarantee Claims or Claims for joint or several liability) be provided with only one copy of the materials in the Solicitation Package and one Ballot and be permitted to vote only a single Claim, regardless of whether the Debtors have objected to such duplicate Claims; and

e. in the absence of any of the foregoing, zero.

The Claim amount established herein shall control for voting purposes only, and shall not constitute the Allowed amount of any Claim. Moreover, any amounts filled in on Ballots by the Debtors through the Claims and Solicitation Agent are not binding for purposes of allowance and distribution.

3. General Ballot Tabulation. The following voting procedures and standard assumptions shall be used in tabulating Ballots:

a. except as otherwise provided herein, unless the Ballot being furnished is timely submitted and actually received by the Claims and Solicitation Agent on or prior to the Voting Deadline, the Debtors may, in their sole and absolute discretion, reject such Ballot as invalid and, therefore, decline to count it in connection with Confirmation;

b. the Claims and Solicitation Agent will date-stamp all Ballots when received. The Claims and Solicitation Agent shall retain the original Ballots and an electronic copy of the same for a period of one year after the Effective Date, unless otherwise ordered by the Bankruptcy Court;

c. the Debtors will file the Voting Report with the Bankruptcy Court prior to the Confirmation Hearing. The Voting Report shall, among other things, all Ballots received that are not included in the tabulation and the reason for the exclusion;

d. the method of delivery of Ballots to be sent to the Claims and Solicitation Agent is at the election and risk of each holder, and except as otherwise provided, a Ballot will be deemed delivered only when the Claims and Solicitation Agent **actually receives** the original executed Ballot;

e. an original executed Ballot is required to be submitted by the Entity submitting such Ballot. Delivery of a Ballot to the Claims and Solicitation Agent by facsimile, email, or any other electronic means will not be valid;

f. no Ballot should be sent to any of the Debtors, the Debtors' agents (other than the Claims and Solicitation Agent), or the Debtors' financial or legal advisors, and if so sent will not be counted;

g. if multiple Ballots are received from the same holder with respect to the same Claim prior to the Voting Deadline, the latest properly completed executed Ballot received prior to the Voting Deadline will be deemed to reflect that voter's intent and will supersede and revoke any prior Ballot;

h. holders must vote all of their Claims within a particular Class either to accept or reject the Plan and may not split any votes. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted;

i. a person signing a Ballot in his or her capacity as a trustee, executor, administrator, guardian, attorney in fact, or officer of a corporation or otherwise acting in a fiduciary or representative capacity must indicate such capacity when signing and, if required or requested by the Claims and Solicitation Agent, the Debtors, or the Bankruptcy Court, must submit proper evidence to the requesting party to so act on behalf of such holder;

j. the Debtors, subject to contrary order of the Bankruptcy Court, may waive any defects or irregularities as to any particular Ballot at any time, either before or after the Voting Deadline, and any such waivers will be documented in the Voting Report;

k. neither the Debtors, nor any other Entity, will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will the Debtors or any other Entity incur any liability for failure to provide such notification;

l. unless waived or as ordered by the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots must be cured prior to the Voting Deadline or such Ballots will not be counted;

m. in the event a designation of lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted or rejected;

n. subject to any contrary order of the Bankruptcy Court, the Debtors reserve the right to reject any and all Ballots not in proper form, the acceptance of which, in the opinion of the Debtors, would not be in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules or these Solicitation Procedures; provided, however, that any such rejections will be documented in the Voting Report;

o. if a Claim has been estimated or otherwise Allowed for voting purposes only by an order of the Bankruptcy Court, such Claim shall be temporarily allowed in the amount so estimated or allowed by the Bankruptcy Court for voting purposes only, and not for purposes of allowance or distribution;

p. if an objection to a Claim is filed, such Claim shall be treated in accordance with the procedures set forth herein;

q. the following Ballots shall not be counted in determining the acceptance or rejection of the Plan: (i) any Ballot that is illegible or contains insufficient information to permit the identification of the Creditor; (ii) any Ballot cast by an Entity that does not hold a Claim in a Voting Class; (iii) any Ballot cast for a Claim scheduled as unliquidated, contingent, and/or disputed for which no Proof of Claim was timely filed; (iv) any unsigned Ballot lacking an original signature; (v) any Ballot not marked to accept or reject the Plan or marked both to accept and reject the Plan; and (vi) any Ballot submitted by any Entity not entitled to vote pursuant to the procedures described herein; and

r. after the Voting Deadline, no Ballot may be withdrawn or modified without the prior written consent of the Debtors.

4. Temporary Allowance of Claims for Voting Purposes.

a. If an objection to a claim is pending on the Voting Record Date, such claim holder shall receive the Confirmation Hearing Notice and a Notice of Non-Voting Status With Respect To Disputed Claims ("Disputed Claim Notice"), substantially in the form attached as **Exhibit 6** to the Disclosure Statement Order, in lieu of a Ballot.

b. The Disputed Claim Notice informs such person or entity that its claim has been objected to, and that the holder of such claim cannot vote unless one or more of the following taking place before the Voting Deadline: (a) an order of the Court is entered allowing such claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing; (b) an order of the Court is entered temporarily allowing such claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing; (c) a stipulation or other agreement is executed between the holder of such claim and the Debtors resolving the objection and allowing such claim in an agreed-upon amount; (d) a stipulation or other agreement is executed between the holder of such claim and the Debtors, temporarily allowing the holder of such claim to vote its claim in an agreed-upon amount; or (e) the pending objection to such claim is voluntarily withdrawn by the Debtors (each, a "Resolution Event").

c. No later than two business days after a Resolution Event, the Claims and Solicitation Agent shall distribute the Disclosure Statement, the Plan, the order approving the Disclosure Statement (excluding the exhibits thereto, but including the Solicitation Procedures), a Ballot and a pre-addressed, postage pre-paid envelope to the relevant holder of the disputed claim, which must be returned to the Claims and Solicitation Agent by no later than the Voting Deadline, unless such deadline is extended by the Debtors to facilitate a reasonable opportunity for such creditor to vote for or against the Plan after the occurrence of a Resolution Event.

d. If the Debtors file a claim objection after the Voting Record Date, they will not count any such claim holder's Ballot absent a Resolution Event taking place on or before the Voting Deadline.

e. Nothing in the Solicitation Procedures shall affect the Debtors' right to object to any proof of claim on any ground or for any purpose.

E. Third Party Release, Exculpation, and Injunction Language in Plan

The third party release, exculpation, and injunction language in Article VIII of the Plan is included in the Disclosure Statement. You are advised to carefully review and consider the Plan, including the discharge, release, and injunction provisions set forth in Article VIII of the Plan, as your rights may be affected.

EXHIBIT D

Liquidation Analysis

LIQUIDATION ANALYSIS

Pursuant to section 1129(a)(7) of the Bankruptcy Code,[1] each holder of an impaired claim or equity interest must either accept the plan or receive or retain under the plan property of a value, as of the effective date of such plan, that is not less than the value such non-accepting holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code (often referred to as the "best interests test"). In connection with this requirement, the following hypothetical liquidation analysis (the "Liquidation Analysis") has been prepared by the Debtors and their advisors. The purpose of the Liquidation Analysis is to provide information so that the Bankruptcy Court may determine that the Plan is in the best interests of all Classes impaired by the Plan.

THE DEBTORS' LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE ASSETS OF THE DEBTORS. THE LIQUIDATION ANALYSIS WAS PREPARED BY THE DEBTORS' FINANCIAL ADVISORS WITH ASSISTANCE FROM THE DEBTORS' MANAGEMENT. UNDERLYING THE LIQUIDATION ANALYSIS ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT LEGAL, ECONOMIC, COMPETITIVE AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS' MANAGEMENT AND THEIR ADVISORS. ADDITIONALLY, VARIOUS LIQUIDATION DECISIONS UPON WHICH CERTAIN ASSUMPTIONS ARE BASED ARE SUBJECT TO CHANGE. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS AND ESTIMATES EMPLOYED IN DETERMINING THE LIQUIDATION VALUES OF THE DEBTORS' ASSETS WILL RESULT IN THE PROCEEDS WHICH WOULD BE REALIZED WERE THE DEBTORS TO UNDERGO AN ACTUAL LIQUIDATION AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. THIS ANALYSIS HAS NOT BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTION OF CERTIFIED PUBLIC ACCOUNTANTS.

General Assumptions and Notes

The general assumptions supporting the liquidation analysis include a conversion to Chapter 7 on September 30, 2011 (the "Conversion Date"), immediate cessation of operations and termination of substantially all employees, with the subsequent wind-down of the estate to be conducted in a controlled manner over a four- to six-month period under the direction of a chapter 7 trustee. As the sale of substantially all of the company's operating assets was accomplished as part of the Global Settlement, the trustee only would need to market the Debtors' assets now remaining after closing of the Global Settlement. It is assumed that no litigation would remain outstanding as of the date of conversion and that any incremental professional fees would be de minimis in the absence of any material issues to be resolved.

The Debtors' assets are owned and maintained by Debtor NAPCUS. As a result, the Liquidation Analysis assumes that after liquidation of all assets, any available distribution proceeds are distributed first to NAPCUS creditors and equity holders and then, by way of Petroflow's 100% interest in NAPCUS, would flow to Petroflow's creditors and equity holders. In addition, Debtor Prize Petroleum LLC does not have any assets or creditors and, therefore, no distributions are allocated with respect to Prize Petroleum LLC.

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the *First Amended Joint Plan of Reorganization of North American Petroleum Corporation USA, et al* (the "Plan").

For purposes of estimating the orderly liquidation value of the Debtors' assets, it was necessary to make several assumptions regarding the value that could be achieved in a sale of certain of the Debtors' current assets for which no readily available market exists. It is entirely conceivable that no buyers could be identified and transactions consummated during the time allotted, or without incurring significant administrative and marketing expenses beyond those normally allowable. In some instances, the Debtors have made efforts in the past to market selected assets and have been unable to negotiate a consensual sale, even after a lengthy marketing process. Liquidation values realized under the terms of the four- to six-month period assumed under the Liquidation Analysis likely would suffer certain value deterioration beyond what could be achieved in a longer, arms' length sale process and negotiation between two parties. The estimated values in the Liquidation Analysis account for this value discount; the high case assumes a 10% discount is required to dispose of the assets in the estimated timeframe, whereas the discount in the low case ranges from 40%-50%. Each of the asset classes to be liquidated is discussed in greater detail below.

in $000s

Asset Class	Going Concern Value	Estimated Sale Value	Liquidation Discount		Liquidation Value	
			Low	*High*	*Low*	*High*
Cash						
Estimated cash on hand	$ 5,813	$ 5,813	0%	0%	$ 5,813	$ 5,813
Drillable Acreage	$ 10,597					
K-9 Region		$ 731	40%	10%	$ 439	$ 658
Central Dolomite Region		$ 774	40%	10%	$ 465	$ 697
Oil & Gas Properties						
Okemah Well	$ -	$ 250	50%	10%	$ 125	$ 225
Other Interests						
Drilling Rights - Lincoln County	$ 115	$ 115	40%	10%	$ 69	$ 104
J&S LP Interest	$ 250	$ 125	50%	10%	$ 63	$ 113
	$ 16,775	$ 7,809			$ 6,973	$ 7,609
Estimated Costs of Liquidation						
Liqudation Trustee Fees			3%	3%	$ (209)	$ (228)
Chapter 7 Professionals			2%	2%	$ (139)	$ (152)
Other wind down expenses					$ (150)	$ (150)
Net Orderly Liquidation Value					**$ 6,474**	**$ 7,079**

- **Cash**

In the context of a chapter 7 liquidation, the only cash available would be the residual cash from operations after all administrative costs were paid. Administrative costs include (i) chapter 7 trustee fees and expenses, (ii) other professional fees and expenses and (iii) employee expenses and other wind-down expenses. Compensation for the chapter 7 trustee will be limited to fee guidelines in section 326(a) of the Bankruptcy Code. Chapter 7 trustee fees are estimated at 3% of the gross proceeds in the liquidation. Compensation for the chapter 7 trustee's legal

counsel and other professional services during the chapter 7 proceedings is estimated to be approximately 2% of gross liquidation proceeds. Additionally, as noted above, the Debtors assume the chapter 7 liquidation process will take four to six months to complete. During liquidation certain operating and other costs would be incurred in conducting certain corporate functions required to conduct an orderly liquidation of the Debtors' assets. These costs would include costs associated with transferring the assets to any buyers as well as salaries of certain operating employees and severance pay that would be incurred during a chapter 7 liquidation. Additional administrative costs incurred by the Debtors beyond those assumed herein would decrease the available cash.

Cash is unrisked and undiscounted for purposes of the liquidation analysis.

- **Drillable Acreage**

The interest in 'Probable' drillable acreage retained by the Debtors (which is located in Oklahoma) in connection with the Equal Settlement was valued at $10.1 million by Forrest Garb as part of its independent valuation. This value presumes, however, that the acreage is being actively developed and operated, and that capital is available to support a drilling program sufficient to fully develop the entire parcel. However, the acreage has not yet been developed. In the context of a liquidation, it is assumed that the Debtors would sell the acreage undeveloped, and would therefore realize a price reflective of the land cost, rather than the developed value of the underlying reserves.

In Oklahoma, prevailing law allows operators to 'force pool' dissenting or non-responding owners that hold an interest in land that is being developed or is held by production. In the application to be approved to force pool other interests, the proposed developer of land must testify to the highest rate (per acre) paid in the county where the undeveloped land is located over the preceding twelve months, which has the effect of establishing the going rate for undeveloped land in the county.

Management for the Debtors has undertaken a survey of the rates identified in recent pooling orders in the counties in which the drillable acreage is located. Based on the average rates of the pooling, the following estimates were calculated for the liquidation value of the Debtors' interest in their drillable acreage:

	Net Acreage	Pooling Rate	Value ex-Hunton	Estimated Sale Value ($000s)
K-9 Region				
Grant County	3,413	$ 250	75%	$ 640
Garfield County	813	$ 150	75%	$ 91
	4,226			$ 731
Central Dolomite Region				
Lincoln County	6,745	$ 150	75%	$ 759
Logan County	208	$ 100	75%	$ 16
	6,952			$ 774

"Net Acreage" is the Debtors' share of the working interest in the drillable acreage, after accounting for other participants in the property. This interest typically ranges from approximately 36% - 45% in a given parcel.

A deduction of 25% was taken from the rate testified to under forced pooling to reflect the exclusion of an interest in the Hunton formation, which was transferred to Equal as part of the Global Settlement. The Hunton formation has historically been the best proven and most highly developed formation in the area. As a result, the value realized by the estate when taking into account the exclusion of the Hunton formation (and all deeper formations) from the sale process could be materially lower than 75% of the average pooling rates, which would in most cases include the drilling rights to all formations.

- **Oil & Gas Properties**

The one currently producing well in which the Debtors have an interest (approximately 95%) is in the Okemah region and is currently underperforming. Despite the Debtors' efforts to sell the Debtors' working interest in the well (and surrounding acreage) the Debtors, to date, have only received one firm offer. In the low case of the liquidation scenario a 50% discount was applied to the $250,000 to reflect both timing considerations and an uncertainty regarding the ultimate viability of the offer; a 10% discount was used in the high case.

- **Other Interests**

The Debtors maintain drilling rights for an additional parcel of land in Lincoln County, Oklahoma assumed to have a sale value equal to the $115,000 that the Debtors paid to acquire the land. In the low case, a 40% discount was applied to the estimated sale value to account for the expedited sale of the asset in a liquidation.

The Debtors own 50 units of the J&S Program 2006 Limited Partnership, an oil and gas play in Louisiana, for which they paid $500,000 in 2006. The partnership returned approximately $12,000 in cash dividends over the prior six months, but no public market exists in which to trade the units freely, rendering them highly illiquid: a recent private offering of 100 units of the partnership resulted in only 5 units being sold. Given the lack of liquidity, as well as the relative underperformance of the partnership, it is estimated that the units could perhaps be sold today for $125,000 to a current owner of units, with a possible 50% additional discount in a liquidation scenario. The resulting price would reflect approximately 2 ½ - 3 years of future dividends.

- **Avoidance Actions/Contract Rejection Damages**

The Liquidation Analysis does not reflect any potential recoveries that might be realized by the chapter 7 trustee's potential pursuit of any avoidance actions, as the Debtors believe that any such potential recoveries are highly speculative in light of, among other things, the various defenses that would likely be asserted. Similarly, the Liquidation Analysis does not reflect any recoveries that might be realized from any current or future potential litigation initiated by the Debtors.

The Liquidation Analysis assumes, however, that the Debtors reject certain contracts as part of the chapter 7 liquidation that will give rise to the Debtors estimate approximately $560,000 of rejection damages against NAPCUS (which are assumed to be general unsecured claims). However, additional contracts are likely to be rejected in a chapter 7 liquidation which could further increase rejection damages. This has not been factored into the liquidation scenarios presented herein, but could materially increase general unsecured claims and dilute projected recoveries.

- **Net Orderly Liquidation Value**

In aggregate, the Debtors estimate that they could realize $6.5M - $7.1M of net proceeds in a liquidation, after accounting for incremental administrative and liquidation costs, with the low case assuming a material discount (40%-50%) is required in order to dispose of the assets, while the high case assumes only a nominal (10%) liquidation discount.

Liquidation/Plan Distributions

- **Allocation of Proceeds**

As set forth in the Disclosure Statement, the expected recoveries for all classes of creditors under both the Plan and a chapter 7 liquidation are as set forth in the below table. It is assumed in that any residual liquidation proceeds remaining in the NAPCUS estate after satisfying the Class 4 NAPCUS General Unsecured Claims would flow to the Holders of Class 3 Petroflow General Unsecured Claims for distribution, by way of Petroflow's 100% ownership of NAPCUS. Subsequent to full satisfaction of those claims, Petroflow equity interests would be entitled to any remaining proceeds of the liquidation. The value per share recovery under the Plan indicated in the chart below assumes that all Reorganized NAPCUS Convertible Preferred Stock has been converted into shares of Reorganized NAPCUS Common Stock.

	Liquidation Scenario			**Plan Scenario**	
	Allowed	**Estimated Recovery**		**Allowed**	**Estimated**
in $ 000s	**Claims**	*Low Case*	*High Case*	**Claims**	**Recovery**
Net Proceeds / Value Returned to Creditors		**$ 6,474**	**$ 7,079**		**$ 19,080**
Distributions to NAPCUS Creditors					
Secured Claims	$ -	-	-	$ -	$ -
Chapter 11 Administrative Claims	1,678	1,678	1,678	2,678	2,678
Priority Unsecured Claims	-	-	-	-	-
General Unsecured Claims	1,576	1,576	1,576	1,016	1,016
New Investors	-	-	-	3,000	3,000
Management Bonus	-	-	-	600	600
Proceeds Available for Distribution to Petroflow Creditors		$ 3,220	$ 3,825		$ 11,786
Distributions to Petroflow Creditors					
Secured Claims	$ -	-	-	$ -	$ -
Administrative Claims	-	-	-	-	-
Priority Unsecured Claims	425	425	425	425	425
General Unsecured Claims	1,200	1,200	1,200	1,200	1,200
Existing Petroflow Interests		1,595	2,200		10,161
Distribution / Value per share		*$0.05*	*$0.07*		*$0.344*

THESE ESTIMATED LIQUIDATED VALUES ARE NECESSARILY SPECULATIVE AND COULD VARY DRAMATICALLY FROM THE AMOUNTS THAT MAY ACTUALLY BE RECOVERED IN AN ACTUAL LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

The Liquidation Analysis demonstrates that confirmation of the Plan will not provide each holder of a Claim or Interest in an impaired class with a recovery of value equal to or greater than such holder would receive pursuant to a liquidation under chapter 7 of the Bankruptcy Code and is based on a comparison of the liquidation values set

forth in the liquidation analysis above with our estimate of the value of the distributions to the holders of Claims pursuant to the Plan discussed in the Disclosure Statement.

The Liquidation Analysis necessarily contains an estimate of the amount of Claims that ultimately will become Allowed Claims. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Allowed Claims at the projected levels set forth in this Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected amounts of Claims that are consistent with the estimated Claims reflected in the Plan with certain modifications as specifically discussed herein.

EXHIBIT E

Financial Projections

FINANCIAL PROJECTIONS OF REORGANIZED NAPCUS

In connection with the solicitation of votes on the Plan, and for purposes of demonstrating the feasibility of the Plan, the following financial projections (the "Financial Projections")[1] were prepared by the Debtors. The Financial Projections reflect the Debtors' judgment as to the occurrence or nonoccurrence of certain future events and of expected future operating performance and business conditions, which are subject to material change. The Debtors' management, in conjunction with their advisors, have prepared the Financial Projections for the fiscal years 2011 through 2014. The Financial Projections, including any historical amounts included therein, are unaudited.

THE FINANCIAL PROJECTIONS, INCLUDING THE UNDERLYING BUSINESS AND ECONOMIC ASSUMPTIONS, SHOULD BE CAREFULLY REVIEWED IN EVALUATING THE PLAN. WHILE THE DEBTORS BELIEVE THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED.

THE FINANCIAL PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION, WARRANTY OR GUARANTY BY THE DEBTORS OR ANY OTHER PERSON AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED.

The Financial Projections were not prepared with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants (the "AICPA") and, as such, do not and are not required to conform with the AICPA with respect to descriptions and recommendations regarding presentation and disclosure of prospective financial information. The Financial Projections have not been compiled, or prepared for examination or review, by an independent auditor. The Financial Projections should be read in conjunction with the assumptions, qualifications and footnotes to the Financial Projections set forth herein, the historical consolidated financial information (including the notes and schedules thereto) included in the Debtors' audited financial statements, and the unaudited actual results which will be reported in the monthly operating reports of the Debtors filed with the Bankruptcy Court. The Financial Projections were prepared by management in good faith based upon assumptions believed to be reasonable at the time made, but no assurance can be given that such assumptions will prove to be accurate forecasts of the future.

The Financial Projections have been prepared based upon, in part, selected information contained in the reserve analysis prepared by Forrest Garb. The Financial Projections reflect an anticipated emergence from Chapter 11 on the close of business on September 30, 2011. The Financial Projections do not, however, consider the potential effects of the application of "fresh start" accounting as required by the AICPA Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," that may apply on the Effective Date and, as a result of this and other factors, the projections are not prepared in accordance with Generally Accepted Accounting Principles. The projections also are not prepared in accordance with International Financial Reporting Standards.

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the *First Amended Joint Plan of Reorganization of North American Petroleum Corporation USA, et al* (the "Plan").

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: These Financial Projections contain statements which constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" in these Financial Projections include the intent, belief or current expectations of the Debtors and members of their management team with respect to the timing of, completion of and scope of the current restructuring, reorganization plan, strategic business plan, bank financing and debt and equity market conditions and the Debtors' future liquidity, as well as the assumptions upon which such statements are based. While management believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, parties in interest are strongly cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to management that could cause results to differ materially from those contemplated by the forward-looking statements in these Financial Projections include, but are not limited to, those risks and uncertainties set forth in the Disclosure Statement and other adverse developments with respect to the Debtors' liquidity position or operations of NAPCUS, adverse developments in the capital markets or public or private markets for debt or equity securities, or adverse developments in the timing or results of the Debtors' current strategic business plan (including the current timeline to emerge from chapter 11) and the possible negative effects that could result from potential economic and political factors around the world.

THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH OR DISCLOSE THEIR FINANCIAL PROJECTIONS. ACCORDINGLY, THE DEBTORS DO NOT INTEND, AND DISCLAIM ANY OBLIGATION TO, (A) FURNISH UPDATED FINANCIAL PROJECTIONS TO HOLDERS OF CLAIMS OR INTERESTS AT ANY TIME IN THE FUTURE, (B) INCLUDE UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR OTHER SIMILAR BODY OR (C) OTHERWISE MAKE UPDATED INFORMATION OR FINANCIAL PROJECTIONS PUBLICLY AVAILABLE.

THE SUMMARY PRO FORMA FINANCIAL PROJECTIONS AND RELATED INFORMATION PROVIDED HEREIN, THOUGH PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS AND THEIR FINANCIAL ADVISORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS AND ECONOMIC UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS AND RELATED INFORMATION OR AS TO THE DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR MAY BE UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE FINANCIAL PROJECTIONS AND RELATED INFORMATION, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. PARTIES IN INTEREST MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS.

INCOME STATEMENT

in $000s

	2011 (partial year)	*2012*	*2013*	*2014*
Revenue				
Natural Gas				
Production Volume (mmcf)	4.4	276.4	720.2	886.1
Price	*$4.960*	*$4.960*	*$5.110*	*$5.250*
Revenue	$ 22	$ 1,371	$ 3,680	$ 4,652
Natural Gas Liquids				
Production Volume (mbbl)	0.4	9.1	27.3	42.7
Price	*$45.990*	*$45.700*	*$45.190*	*$44.970*
Revenue	$ 18	$ 417	$ 1,235	$ 1,921
Crude Oil				
Production Volume (mbbl)	0.9	62.6	126.6	108.0
Price	*$91.030*	*$90.020*	*$89.040*	*$88.570*
Revenue	$ 85	$ 5,633	$ 11,269	$ 9,561
Total Production (mboe)	2.1	117.8	273.9	298.4
Total Revenue	**$ 124**	**$ 7,421**	**$ 16,185**	**$ 16,134**
Blended price per mboe	*$60.69*	*$63.01*	*$59.08*	*$54.08*
Operating Expense				
Production Taxes	9	519	1,133	1,129
LOEs	6	187	470	789
SWD	-	17	44	45
Workover	-	300	300	300
Other	761	1,965	600	600
Total Expense	$ 776	$ 2,989	$ 2,547	$ 2,863
Income from Operations	**$ (651)**	**$ 4,432**	**$ 13,638**	**$ 13,272**
General & Administrative Expense				
Wages and Benefits, Rent, etc.	450	1,800	1,800	1,800
External Consultants	150	600	600	600
Total G&A	$ 600	$ 2,400	$ 2,400	$ 2,400
EBITDA	**$ (1,251)**	**$ 2,032**	**$ 11,238**	**$ 10,872**
Depletion and Depreciation	179	2,606	4,866	5,106
Interest Expense	142	147	880	912
Pre-Tax Income	**$ (1,573)**	**$ (722)**	**$ 5,492**	**$ 4,854**
Application of NOLs	-	-	(5,492)	(4,854)
Income Tax	-	-	-	-
Net Income	**$ (1,573)**	**$ (722)**	**$ 5,492**	**$ 4,854**

- **Specific Notes to Income Statement**

The Debtors' financial projections are tied to the timing of the expected drilling program, and based upon selected information contained in the reserve analysis prepared by Forrest Garb, an independent consulting firm, in March of 2011 (the "Forrest Garb Report"). The projected income statement set forth herein utilizes a 'type-well' methodology in which each successful well drilled produces oil, natural gas, and/or natural gas liquids at a rate and volume over time that is consistent with the median (or 'type') well for that region, rather than attempting to predict the production characteristics of each specific well in advance. Combined with a less aggressive drilling schedule than the one outlined in the Forrest Garb Report, this approach can be expected to yield a slightly more conservative estimate of production during the initial years of operations.

The Forrest Garb Report identified 39 of the 55 drilling locations as candidates for 'Possible' additional reserves, which "include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable [reserves]." For purposes of these income projections, no effect was given to the development of Possible reserves.

All production volumes are presented on a 'net revenue interest' basis, meaning that the volumes are less any other working interests and any royalties owed to land owners in exchange for drilling rights.

The other key driver of revenue, pricing, was tied directly to the Forrest Garb Report, which, in turn, utilized a NYMEX five-year strip price deck, adjusted for regional price and quality differentials. Each of the major commodities was priced separately in order to reflect differing reserve characteristics between production zones. A blended pricing rate for each commodity across all regions was used in the interest of simplicity, mitigating the pricing impact of short-term production fluctuations or disruptions.

Drilling costs are, in general, not included in the projected operating costs, but are instead capitalized and depreciated over the expected life of the producing asset as a function of the depletion rate of the underlying reserves. An exception is made for the cost of drilling dry holes (i.e., non-producing wells) – one in 2011, two in 2012 – which are expensed as incurred, effectively risk-adjusting the remaining production in those zones.

The disposal of salt water is a key driver of costs during the dewatering phase of production. Depending on the location of the acreage being developed, salt water disposal costs are either calculated on a per-barrel basis (if existing disposal infrastructure is believed to be available), or the cost of drilling a new salt water disposal well is capitalized and moved to the balance sheet. As with all drilling and operating costs, the Debtors' share of such costs are prorated in accordance with their working interest in a particular region or well.

Other assumptions contained in the projected income statement include:

- Production taxes are estimated at 7% of net revenues, consistent with actual experience in Oklahoma and in the K-9 and Central Dolomite fields specifically;
- Lease Operating Expenses ("LOEs") vary by region, and are projected to be consistent with monthly costs outlined in Forrest Garb Report, adjusted for working interest percentages in the various 'type' wells;
- Workover expenses of $25,000 per month, beginning in January 2012, for cost to maintain or improve producing wells, switch pump sizes, or retrofit existing SWD facilities;
- Provision for 'Other' operating expenses of $50,000 per month, plus the drilling cost of dry holes, to cover unforeseen operating costs, performance bonuses, and cost inflation;
- General and administrative expense ("G&A") of $150,000 per month based on management's staffing plan for the reorganized entity, assuming operational control of the new production wells;
- External consultants (primarily geological and accounting) of $50,000 per month, estimated based on current costs for Pathfinder and the cost of retaining a local accounting firm to provide accounting, reporting and compliance guidance as well as to perform the necessary quarterly and annual audits expected to be required of the reorganized entity;
- Interest rate of 12% on revolving credit facility supported by 'Proved – Producing' reserves. The actual cost and rate of interest on this facility will be subject to market conditions and the value of the underlying reserves; and,
- tax attributes assumed to be available to offset realized income, without restriction .

BALANCE SHEET

in $000s	At Emergence	Year-End			
ASSETS	*2011*	*2011*	*2012*	*2013*	*2014*
Current Assets					
Cash and cash equivalents	$ 4,912	$ 2,426	$ 500	$ 500	$ 500
Accounts receivable	-	62	928	2,023	2,017
Inventory	-				
Prepaids and other	-				
Professional Retainers	-				
Total Current Assets	$ 4,912	$ 2,488	$ 1,428	$ 2,523	$ 2,517
PP&E - Oil and Gas					
Oil and Gas property	6,000	11,099	25,310	36,116	47,838
Accumulated DD&A	(6,000)	(6,179)	(8,786)	(13,652)	(18,757)
Net Oil and Gas PP&E	$ -	$ 4,920	$ 16,524	$ 22,464	$ 29,081
Other Assets					
Investments	365	365	365	365	365
Other assets	10,597	6,936	1,927	771	578
Total Other Assets	$ 10,962	$ 7,301	$ 2,292	$ 1,136	$ 943
Total Non-Current Assets	$ 10,962	$ 12,221	$ 18,816	$ 23,600	$ 30,024
TOTAL ASSETS	**$ 15,874**	**$ 14,709**	**$ 20,244**	**$ 26,123**	**$ 32,541**
LIABILITIES					
Current Liabilities					
Accounts payable/accruals	$ -	259	249	212	239
Revolver		0	6,075	6,304	7,641
Total Current Liabilities	$ -	$ 259	$ 6,324	$ 6,516	$ 7,880
Non-Current Liabilities					
Asset Retirement Obligations	-	7	52	96	140
Term Loan	-	-	-	-	-
Capital leases	-	-	-	-	-
Total Non-Current Liabilities	$ -	$ 7	$ 52	$ 96	$ 140
TOTAL LIABILITIES	**$ -**	**$ 266**	**$ 6,375**	**$ 6,612**	**$ 8,020**
EQUITY					
Common shares	10,761	10,761	10,761	10,761	10,761
Convertible Preferred - Class A	3,000	3,090	3,183	3,278	3,377
Convertible Preferred - Class B	548	564	581	599	617
Convertible Preferred - Class C	1,200	1,236	1,273	1,311	1,351
Retained earnings	365	365	(1,208)	(1,930)	3,562
TOTAL EQUITY	**$ 15,874**	**$ 16,016**	**$ 14,590**	**$ 14,020**	**$ 19,667**
Current Year Income / (Loss)	-	(1,573)	(722)	5,492	4,854
TOTAL LIABILITIES & EQUITY	**$ 15,874**	**$ 14,709**	**$ 20,244**	**$ 26,123**	**$ 32,541**

- **Specific Notes to Balance Sheet**

Preliminary indications are that the reorganized entity will emerge from Chapter 11 with approximately $4.9 million of cash, comprised of $1.9 million of cash from business operations, and $3.0 million of net proceeds from the sale of Class A convertible preferred shares. The actual amount of available cash will depend on the results of operations during June and July of 2011, as well as the number of NAPCUS general unsecured creditors electing to convert their unsecured claims to Class B convertible preferred shares, among other factors. The drilling program discussed above is predicated upon the availability of this cash to fund the initial cost of drilling and completing wells, and could be negatively impacted if less cash is available than is forecast.

After the Debtors have drilled a number of successful wells, thereby converting some Probable reserves to Proved - Producing reserves, and additional Probable reserves to Proved - Undeveloped reserves, management believes that it will be able to obtain additional capital through a revolving credit facility supported by its Proved reserves. For purposes of these projections, it is assumed that such a credit facility would be available at prevailing market terms, at no worse than a 50% advance rate on Proved reserves, with an interest rate of 12% per year. If the Debtors are unable to obtain financing under terms similar to those included in the projections, the Debtors might be unable to achieve the income projections presented previously. As presented, the Debtors are expected to utilize a maximum of 65% of its available borrowing base (in 2012) and to reduce their relative usage in subsequent years, leaving the Debtors with a certain degree of flexibility in the event that management's projections are not achieved exactly as forecast.

The opening balance sheet includes a value of $10.597 million for the Debtors' interest in the drillable acreage retained by the Debtors as part of the Global Settlement. This value was established in the Forrest Garb Report as the market value of the Probable reserves, based on the expected net present value of the cash flows achieved through the development of those properties, discounted at a rate of 10%, and risk-adjusted for various operational and market uncertainties (see "*Forrest Garb Report Valuation Methodology (in brief)*", below, for more information). This value initially appears in the 'Other Assets' line item on the balance sheet, and converts to the 'Oil and Gas Property' line item as successful wells are drilled (in accordance with the projected drilling program). In these base-case projections, no realization of the Possible reserves has been forecast, and therefore no value for the Possible reserves appears on the balance sheet. The Forrest Garb Report ascribes a market value of $1.672 million to the Possible reserves, which can be viewed as representing additional upside to the projections in the event that the reserves are more substantial than forecast here.

The projections assume nominal working capital requirements other than a $500,000 minimum cash balance at year-end. To the extent excess cash is forecast to be available, it is assumed to be used to pay down any borrowings outstanding under the revolving credit facility.

STATEMENT OF CASH FLOWS

in ($000s)	Calendar or Partial Year			
	2011 (partial year)	*2012*	*2013*	*2014*
Operating Activities				
Net Income	$ (1,573)	$ (722)	$ 5,492	$ 4,854
Add back: Interest Expense	142	147	880	912
Accounts Payable / Accruals	259	(10)	(37)	26
Other Liabilities	7	44	44	44
Accounts Receivable	(62)	(865)	(1,095)	6
Net Cash Flow from Operations	**$ (1,227)**	**$ (1,406)**	**$ 5,284**	**$ 5,843**
Investing Activities				
Investments	$ -	$ -	$ -	$ -
Oil & Gas PP&E, net	(4,920)	(11,605)	(5,940)	(6,616)
Other Assets	3,661	5,009	1,156	193
Net Cash Flow from Investing Activity	**$ (1,259)**	**$ (6,595)**	**$ (4,784)**	**$ (6,424)**
Financing Activities				
Revolver Borrowing / (Repayment)	$ 0	$ 6,075	$ 229	$ 1,337
Common Stock	-	-	-	-
Cash Interest	-	(0)	(729)	(756)
Net Cash Flow from Financing Activity	**$ 0**	**$ 6,075**	**$ (500)**	**$ 581**
Beginning Cash	$ 4,912	$ 2,426	$ 500	$ 500
Change in Cash	(2,486)	(1,926)	0	-
Cash, End of Period	**$ 2,426**	**$ 500**	**$ 500**	**$ 500**