

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re: North American Petroleum Corp. USA

Case No. 10-11707 (CSS)

Reporting Period

July 1, 2011 through July 31, 2011

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	x		
Schedule of Professional Fees Paid	MOR-1b	x		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	x		
Balance Sheet	MOR-3	x		
Status of Postpetition Taxes	MOR-4	x		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	x		
Listing of aged accounts payable	MOR-4	x		
Accounts Receivable Reconciliation and Aging	MOR-5	x		
Debtor Questionnaire	MOR-5	x		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

/s/ Louis G. Schott

Signature of Authorized Individual*

August 19, 2011

Date

Louis G. Schott

Printed Name of Authorized Individual

Secretary

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS					CURRENT MONTH		CUMULATIVE FILING TO DATE	
	CHASE OPER.	TCB OPER.	TCB Rev Suspende	Bank Of OK Escrow	TCB Util Deposit	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	7,390	7,621,533	0	0	5,000	7,633,923		115,615	
RECEIPTS									
CASH SALES						0		0	
ACCOUNTS RECEIVABLE		2,500,428				2,500,428		42,812,336	
EQUITY COMMITMENTS				124,945		124,945		124,945	
SALE OF ASSETS						0		93,534,046	
REIMBURSEMENTS		33,711				33,711		115,226	
INTEREST						0		0	
TRANSFERS (FROM DIP ACCTS)	90,000					90,000		15,025,924	
						0		0	
TOTAL RECEIPTS	90,000	2,534,139	0	124,945	0	2,749,084	0	151,612,477	0
DISBURSEMENTS									
NET PAYROLL	62,759	18,081				80,840		991,392	
PAYROLL TAXES	27,734					27,734		428,346	
PAYROLL BENEFITS						0		116,744	
SALES, USE, & OTHER TAXES		31,057				31,057		79,808	
INVENTORY PURCHASES						0		0	
OFFICES/ RENTAL/ LEASES		2,251				2,251		100,559	
INSURANCE						0		298,609	
ADMINISTRATIVE/CONTRACT/G&A	164	230,743				230,907		1,725,571	
SELLING						0		0	
OTHER (ATTACH LIST)						0		98,000,000	
WELL COSTS		4,698				4,698		13,641,875	
OWNER DRAW *						0		0	
TRANSFERS (TO DIP ACCTS)		90,000				90,000		15,025,924	
Transfers to Petroflow Ltd		6,000				6,000		302,148	
PROFESSIONAL FEES		494,551				494,551		11,558,603	
U.S. TRUSTEE QUARTERLY FEES		30,650				30,650		74,200	
COURT COSTS						0		0	
TOTAL DISBURSEMENTS	90,658	908,031	0	0	0	998,688	0	142,343,781	0
NET CASH FLOW	(658)	1,626,108	0	124,945	0	1,750,396	0	9,268,696	0
(RECEIPTS LESS DISBURSEMENTS)									
CASH - END OF MONTH	6,732	9,247,641	0	124,945	5,000	9,384,319	0	9,384,311	0

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	998,688
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	90,000
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	908,688

STATEMENT OF OPERATIONS

(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	\$ (237,253)	\$ 34,226,994
Less: Returns and Allowances	\$ 18,335	\$ 180,891
Net Revenue	\$ (255,588)	\$ 34,046,103
COST OF GOODS SOLD		
Beginning Inventory		
Add: Purchases		
Add: Cost of Labor		
Add: Other Costs-Production taxes (attach schedule)		
Less: Ending Inventory		
Cost of Goods Sold		
Gross Profit	\$ (255,588)	\$ 34,046,103
OPERATING EXPENSES		
Advertising		\$ -
Auto and Truck Expense	\$ 521	\$ 8,362
Bad Debts		\$ -
Contributions		\$ -
Employee Benefits Programs		\$ 62,336
Insider Compensation*		\$ -
Insurance	\$ 26,650	\$ 278,314
Lease Operating Expense	\$ (107,749)	\$ 10,399,294
Management Fees/Bonuses		\$ -
Office Expense	\$ 33,653	\$ 157,316
Pension & Profit-Sharing Plans		\$ -
Repairs and Maintenance		\$ 766
Rent and Lease Expense	\$ 5,274	\$ 131,923
Salaries/Fees	\$ 87,185	\$ 1,568,256
Supplies	\$ 2,661	\$ 17,914
Taxes - Payroll	\$ 3,308	\$ 71,761
Taxes - Real Estate		\$ -
Taxes - Other	\$ 1,515	\$ (470,842)
Travel and Meals	\$ 1,433	\$ 115,328
Utilities		\$ (520)
Other (attach schedule)		
Total Operating Expenses Before Depreciation	\$ 54,450	\$ 12,340,209
Depreciation/Depletion/Amortization	\$ 2,492	\$ 10,579,515
Net Profit (Loss) Before Other Income & Expenses	\$ (312,530)	\$ 11,126,379
OTHER INCOME AND EXPENSES		
Other Income	\$ 33,546	\$ 20,561,832
Interest Expense		\$ 7,479,271
Other Expense (attach schedule)		\$ 427,151
Net Profit (Loss) Before Reorganization Items	\$ (278,984)	\$ 23,781,789
REORGANIZATION ITEMS		
Professional Fees	\$ 720,079	\$ 13,644,001
U. S. Trustee Quarterly Fees	\$ 30,650	\$ 74,200
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		\$ -
Gain (Loss) from Sale of Equipment		\$ (11,830,202)
Other Reorganization Expenses (attach schedule)		\$ -
Total Reorganization Expenses	\$ 750,729	\$ 20,710,243
Income Taxes		\$ -
Net Profit (Loss)	\$ (1,029,712)	\$ (1,766,615)

*"Insider" is defined in 11 U.S.C. Section 101(31).

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
CURRENT ASSETS		
Unrestricted Cash and Equivalents	9,379,319	115,615
Restricted Cash and Cash Equivalents	5,000	
Accounts Receivable (Net)	452,941	15,720,795
Notes Receivable		
Inventories		
Prepaid Expenses	342,573	903,285
Professional Retainers	676	19,696
Intercompany A/R (A/P)	71,616	(338,338)
Other Current Assets (attach schedule)		
TOTAL CURRENT ASSETS	10,252,126	16,421,054
OIL AND GAS PROPERTY		
Oil and Gas Property	13,807,747	157,336,457
Accumulated DD&A	(3,786,448)	(32,537,220)
TOTAL OIL & GAS PROPERTY	10,021,299	124,799,238
PROPERTY AND EQUIPMENT		
Machinery and Equipment		
Furniture, Fixtures and Office Equipment	129,289	328,885
Leasehold Improvements		
Vehicles	28,893	28,893
Less Accumulated Depreciation	(91,954)	(126,898)
TOTAL PROPERTY & EQUIPMENT	66,228	230,880
OTHER ASSETS		
Loans to Insiders*		
Investments	500,000	500,000
Other Assets	25,250	25,250
TOTAL OTHER ASSETS	525,250	525,250
TOTAL ASSETS	20,864,903	141,976,422

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	729,416	
Interest and fees Payable		
Asset Retirement Obligation	8,200	
Taxes Payable (refer to FORM MOR-4)		
Wages Payable		
Notes Payable - Current		
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees	2,536,991	
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)		
TOTAL POSTPETITION LIABILITIES	3,274,607	0
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Accounts Payable		9,167,786
Cash Advances from JV (Prepaid Drilling costs)	1,019,759	1,019,759
Interest Payable		2,714,142
Asset Retirement Obligation	391,308	391,308
Secured Debt		99,754,340
Priority Debt		
Unsecured Debt		
Capital Lease (CRA)		10,983,243
Asset Retirement Obligation		
TOTAL PRE-PETITION LIABILITIES	1,411,066	124,030,579
TOTAL LIABILITIES	4,685,674	124,030,579
OWNER EQUITY		
Capital Stock	4,561,952	4,561,952
Additional Paid-In Capital	12,551,214	12,551,214
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition	(3,483,214)	(3,483,214)
Cumulative Income(Loss) Post-petition	(1,766,615)	
Income(Loss) Prepetition	4,315,891	4,315,891
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
NET OWNER EQUITY	16,179,229	17,945,843
TOTAL LIABILITIES AND OWNERS' EQUITY	20,864,903	141,976,422

*"Insider" is defined in 11 U.S.C. Section 101(31).

Debtor: North American Petroleum Corp. USA
Debtor

Cast No. 10-11707 (CSS)
Reporting Period July 1, 2011 through July 31, 2011

STATUS OF POSTPETITION TAXES

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

MOR 4	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal -Withholding						
FICA/Medicare-Employee	0.00	2,648.60	2,648.60	7/15/11 & 7/31/11	EFT	0.00
FICA/Medicare-Employer	0.00	3,307.83	3,307.83	7/15/11 & 7/31/11	EFT	0.00
Unemployment	0.00		-			0.00
Income Federal	0.00	19,034.56	19,034.56	7/15/11 & 7/31/11	EFT	0.00
Other:						
Total Federal Taxes		24,990.99	24,990.99			
State and Local-Withholding						
Income States	0.00	2,743.28	2,743.28	7/15/11 & 7/31/11	EFT	0.00
CO Denver CT	0.00		-			0.00
Unemployment	0.00		-			0.00
TX UOA, ETIA	0.00		-			0.00
Real Property						
Total State and Local		2,743.28	2,743.28			
Total Taxes		27,734.27	27,734.27			

*Payroll taxes are done by 3rd party vendor, ExecuPay. Taxes are remitted to ExecuPay each pay period. ExecuPay remits taxes on various dates as required.

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due						Total
	Current	0-30	31-60	61-90	Over 90		
Accounts Payable	\$ 729,416						729,416
Employee Deductions Payable							-
Estimated Bank Loan Interest							-
Estimated Unbilled Operating Costs Accrued							-
Wages Payable							-
Taxes Payable							-
Rent/Leases-Building							-
Rent/Leases-Equipment							-
Secured Debt/Adequate Protection Payments							-
Professional Fees	778,000	740,648	133,508		125,393	759,442	2,536,991
Amounts Due to Insiders*							-
Other: ARO						8,200	8,200
Other:							-
Total Postpetition Debts	\$ 1,507,416	740,648	133,508		125,393	767,642	3,274,607
							0

Explain how and when the Debtor intends to pay any past-due postpetition debts.

Accounts payable and accrued expenses will be paid as received or upon court approval as necessary. Bank interest may be subject to reorganization.

*"Insider" is defined in 11 U.S.C. Section 101(31).

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	3,168,014
+ Amounts billed during the period	(214,645)
- Amounts collected during the period	2,500,428
Total Accounts Receivable at the end of the reporting period	452,941
	-
Accounts Receivable Aging	Amount
0 - 30 days old	0
31 - 60 days old	0
61 - 90 days old	0
91+ days old	452,941
Total Accounts Receivable	452,941
Amount considered uncollectible (Bad Debt)	0
Accounts Receivable (Net)	452,941
	-

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	X*	

* On or about July 22, 2011, Richard Menchaca, Chief Executive Officer of the above-captioned debtor and each of its related debtors, opened a new account, numbered xxxxx5018 at the Bank of Oklahoma in Tulsa, Oklahoma to accept deposits for the Investment Commitment (as defined in the *First Amended Joint Chapter 11 Plan of North American Petroleum Corporation USA, et al.* [Docket No. 970]).