

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

In Re: North American Petroleum Corp. USA

**Case No. 10-11707 (CSS)  
Reporting Period**

August 1, 2011 through August 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.

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>	<b>Affidavit/Supplement Attached</b>
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\*

September 20, 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
<b>CASH BEGINNING OF MONTH</b>	6,732	9,247,641	0	124,945	5,000	9,384,319		115,615	
<b>RECEIPTS</b>									
CASH SALES						0		0	
ACCOUNTS RECEIVABLE		2,291,297				2,291,297		42,603,205	
EQUITY COMMITMENTS				25,000		25,000		149,945	
SALE OF ASSETS						0		93,534,046	
REIMBURSEMENTS						0		81,515	
INTEREST						0		0	
TRANSFERS (FROM DIP ACCTS)	90,000					90,000		15,115,924	
						0		0	
<b>TOTAL RECEIPTS</b>	90,000	2,291,297	0	25,000	0	2,406,297	0	151,484,634	0
<b>DISBURSEMENTS</b>									
NET PAYROLL	63,723	9,084				72,806		1,047,081	
PAYROLL TAXES	25,348					25,348		451,307	
PAYROLL BENEFITS						0		116,744	
SALES, USE, & OTHER TAXES						0		48,751	
INVENTORY PURCHASES						0		0	
OFFICES/ RENTAL/ LEASES		2,251				2,251		100,559	
INSURANCE						0		298,609	
ADMINISTRATIVE/CONTRACT/G&A	174	117,286				117,460		1,612,298	
SELLING						0		0	
OTHER (ATTACH LIST)						0		98,000,000	
WELL COSTS		14,643				14,643		13,651,820	
OWNER DRAW *						0		0	
TRANSFERS (TO DIP ACCTS)		90,000				90,000		15,115,924	
Transfers to Petroflow Ltd		67,006				67,006		363,154	
PROFESSIONAL FEES		1,369,184				1,369,184		12,927,787	
U.S. TRUSTEE QUARTERLY FEES						0		43,550	
COURT COSTS						0		0	
<b>TOTAL DISBURSEMENTS</b>	89,244	1,669,454	0	0	0	1,758,698	0	143,777,586	0
NET CASH FLOW	756	621,843	0	25,000	0	647,599	0	7,707,048	0
(RECEIPTS LESS DISBURSEMENTS)									
<b>CASH - END OF MONTH</b>	7,489	9,869,484	0	149,945	5,000	10,031,918	0	7,822,663	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	1,758,698
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	90,000
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>1,668,698</b>





**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	\$ 18,242	\$ 34,245,236
Less: Returns and Allowances	\$ 146	\$ 181,037
Net Revenue	\$ 18,096	\$ 34,064,199
<b>COST OF GOODS SOLD</b>		
Beginning Inventory		
Add: Purchases		
Add: Cost of Labor		
Add: Other Costs-Production taxes (attach schedule)		
Less: Ending Inventory		
Cost of Goods Sold		
Gross Profit	\$ 18,096	\$ 34,064,199
<b>OPERATING EXPENSES</b>		
Advertising		\$ -
Auto and Truck Expense	\$ 1,913	\$ 10,275
Bad Debts		\$ -
Contributions		\$ -
Employee Benefits Programs		\$ 62,336
Insider Compensation*		\$ -
Insurance		\$ 278,314
Lease Operating Expense	\$ 14,268	\$ 10,413,562
Management Fees/Bonuses		\$ -
Office Expense	\$ 19,825	\$ 177,142
Pension & Profit-Sharing Plans		\$ -
Repairs and Maintenance		\$ 766
Rent and Lease Expense	\$ 2,251	\$ 134,174
Salaries/Fees	\$ 88,045	\$ 1,656,302
Supplies	\$ 7,919	\$ 25,833
Taxes - Payroll	\$ 1,885	\$ 73,646
Taxes - Real Estate		\$ -
Taxes - Other		\$ (470,842)
Travel and Meals	\$ 4,279	\$ 119,606
Utilities		\$ (520)
Other (attach schedule)		
Total Operating Expenses Before Depreciation	\$ 140,385	\$ 12,480,594
Depreciation/Depletion/Amortization		\$ 10,579,515
Net Profit (Loss) Before Other Income & Expenses	\$ (122,290)	\$ 11,004,089
<b>OTHER INCOME AND EXPENSES</b>		
Other Income	\$ 3,909	\$ 20,565,741
Interest Expense		\$ 7,479,271
Other Expense (attach schedule)		\$ 427,151
Net Profit (Loss) Before Reorganization Items	\$ (118,381)	\$ 23,663,408
<b>REORGANIZATION ITEMS</b>		
Professional Fees	\$ 980,021	\$ 14,624,022
U. S. Trustee Quarterly Fees		\$ 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	\$ 980,021	\$ 21,690,264
Income Taxes		\$ -
Net Profit (Loss)	\$ (1,098,402)	\$ (2,865,016)

\*"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
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	9,876,973	115,615
Restricted Cash and Cash Equivalents	129,945	
Accounts Receivable (Net)		15,720,795
Notes Receivable		
Inventories		
Prepaid Expenses	491,425	903,285
Professional Retainers		19,696
Intercompany A/R (A/P)	115,637	(338,338)
Other Current Assets (attach schedule)		
<b>TOTAL CURRENT ASSETS</b>	<b>10,613,979</b>	<b>16,421,054</b>
<b>OIL AND GAS PROPERTY</b>		
Oil and Gas Property	13,807,747	157,336,457
Accumulated DD&A	(3,786,448)	(32,537,220)
<b>TOTAL OIL &amp; GAS PROPERTY</b>	<b>10,021,299</b>	<b>124,799,238</b>
<b>PROPERTY AND EQUIPMENT</b>		
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)
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>66,228</b>	<b>230,880</b>
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Investments	500,000	500,000
Other Assets	25,250	25,250
<b>TOTAL OTHER ASSETS</b>	<b>525,250</b>	<b>525,250</b>
<b>TOTAL ASSETS</b>	<b>21,226,756</b>	<b>141,976,422</b>

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable	2,525,160	
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	2,201,503	
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)		
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>4,734,863</b>	<b>0</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
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		
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>1,411,066</b>	<b>124,030,579</b>
<b>TOTAL LIABILITIES</b>	<b>6,145,929</b>	<b>124,030,579</b>
<b>OWNER EQUITY</b>		
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	(2,865,016)	
Income(Loss) Prepetition	4,315,891	4,315,891
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
<b>NET OWNER EQUITY</b>	<b>15,080,827</b>	<b>17,945,843</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>21,226,756</b>	<b>141,976,422</b>

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

\$

(0.00)

Debtor: North American Petroleum Corp. USA  
Debtor

Cast No. 10-11707 (CSS)  
Reporting Period August 1, 2011 through August 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
<b>Federal -Withholding</b>						
FICA/Medicare-Employee	0.00	1,684.77	1,684.77	8/15/11 & 8/31/11	EFT	0.00
FICA/Medicare-Employer	0.00	1,885.03	1,885.03	8/15/11 & 8/31/11	EFT	0.00
Unemployment	0.00		-			0.00
Income Federal	0.00	19,034.56	19,034.56	8/15/11 & 8/31/11	EFT	0.00
Other:						
Total Federal Taxes		<b>22,604.36</b>	<b>22,604.36</b>			
<b>State and Local-Withholding</b>						
Income States	0.00	2,743.28	2,743.28	8/15/11 & 8/31/11	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		<b>2,743.28</b>	<b>2,743.28</b>			
<b>Total Taxes</b>		<b>25,347.64</b>	<b>25,347.64</b>			

\*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	\$ 2,525,160						2,525,160
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	952,000	698,767	145,339		133,508	271,888	2,201,503
Amounts Due to Insiders*							-
Other: ARO						8,200	8,200
Other:							-
<b>Total Postpetition Debts</b>	<b>\$ 3,477,160</b>	<b>698,767</b>	<b>145,339</b>		<b>133,508</b>	<b>280,088</b>	<b>4,734,863</b>
							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).

In re North American Petroleum Corp. USA  
Debtor

Case No. 10-11707 (CSS)  
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**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

<b>Accounts Receivable Reconciliation</b>	<b>Amount</b>
Total Accounts Receivable at the beginning of the reporting period	3,168,014
+ Amounts billed during the period	0
- Amounts collected during the period	3,168,014
Total Accounts Receivable at the end of the reporting period	0
	-
<b>Accounts Receivable Aging</b>	<b>Amount</b>
0 - 30 days old	0
31 - 60 days old	0
61 - 90 days old	0
91+ days old	0
Total Accounts Receivable	0
Amount considered uncollectible (Bad Debt)	0
Accounts Receivable (Net)	0
	-

**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
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