

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

In Re: North American Petroleum Corp. USA

Case No. 10-11707 (CSS)

Reporting Period May 26, 2010 to June 30, 2010

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/ Tucker Franciscus

Signature of Authorized Individual*

July 20, 2010

Date

Tucker Franciscus

Printed Name of Authorized Individual

Chief Financial Officer

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 MMA (closed)	BBVA TX Escrow	TCB Util Deposit	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	38778.83	73273.66	1111.84	73.7	0				
RECEIPTS									
CASH SALES	1951164.2	712364.57							
ACCOUNTS RECEIVABLE									
LOANS AND ADVANCES									
SALE OF ASSETS									
REIMBURSEMENTS	36772.6								
INTEREST				0.01					
TRANSFERS (FROM DIP ACCTS)	87000	1871111.8			5000				
TOTAL RECEIPTS	2074936.8	2583476.4	0	0.01	5000	0	0	0	0
DISBURSEMENTS									
NET PAYROLL	81290.07								
PAYROLL TAXES	39534.04								
PAYROLL BENEFITS	46577.97								
SALES, USE, & OTHER TAXES	20100								
INVENTORY PURCHASES									
SECURED/ RENTAL/ LEASES	10584.85	11094.07							
INSURANCE									
ADMINISTRATIVE /CONTRACT/G&A	11086.81	39162.76		12.5					
SELLING									
OTHER (ATTACH LIST)									
AFE ADVANCES		167661.48							
OWNER DRAW *									
TRANSFERS (TO DIP ACCTS)	1870000	92000	1111.84						
PROFESSIONAL FEES		284.31							
U.S. TRUSTEE QUARTERLY FEES									
COURT COSTS									
TOTAL DISBURSEMENTS	2079173.7	310202.62	1111.84	12.5	0	0	0	0	0
NET CASH FLOW	-4236.98	2273273.8	-1111.84	-12.49	5000	0	0	0	0
(RECEIPTS LESS DISBURSEMENTS)									
CASH - END OF MONTH	34541.85	2346547.5	0	61.21	5000	0	0	0	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	2390500.7
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	1963111.84
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	427388.86

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

	Chase Operating		TCB Operating		BBVA Tx Escrow		TCB Util deposit		TCB mma
	# 652800285		# 3111005694		# 4440735514		# 3113013266		# 3113011336
BALANCE PER BOOKS		34541.85		2346547.5		61.21		5000	
BANK BALANCE		61304.05		2534768		61.21		5000	
(+) DEPOSITS IN TRANSIT (ATTACH LIST)		0		0		0		0	
(-) OUTSTANDING CHECKS (ATTACH LIST)		26762.2		188220.59		0		0	
OTHER (ATTACH EXPLANATION)									
ADJUSTED BANK BALANCE *		34541.85		2346547.5		61.21		5000	
* Adjusted bank balance must equal balance per books									
DEPOSITS IN TRANSIT	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date
		0		0		0		0	
CHECKS OUTSTANDING	Ck. #	Amount	Ch. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #
	295	20100	to be voided	2228.07					
	301	1062.24	104601	420					
	302	5599.96	104602	2504.29					
			104603	96.25					
			104604	29.25					
			104605	15281.25					
			104606	106627.08					
			104607	61034.4					
OTHER									
		26762.2		188220.59		0		0	

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	\$ 3,397,559.20	\$ 3,397,559.20
Less: Returns and Allowances	66,341.42	\$ 66,341.42
Net Revenue	\$ 3,331,217.78	\$ 3,331,217.78
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	\$ 3,331,217.78	\$ 3,331,217.78
OPERATING EXPENSES		
Advertising		
Auto and Truck Expense	(147.07)	(147.07)
Bad Debts		
Contributions		
Employee Benefits Programs	48,765.90	48,765.90
Insider Compensation*		
Insurance	-	
Lease Operating Expense	1,007,173.82	1,007,173.82
Management Fees/Bonuses		
Office Expense	6,912.80	6,912.80
Pension & Profit-Sharing Plans		
Repairs and Maintenance		
Rent and Lease Expense	7,912.33	7,912.33
Salaries/Fees	172,595.02	172,595.02
Supplies		
Taxes - Payroll	12,455.38	12,455.38
Taxes - Real Estate		
Taxes - Other (production taxes)	240,634.22	240,634.22
Travel and Entertainment	2,435.17	2,435.17
Utilities	60.56	60.56
Other (attach schedule)		
Total Operating Expenses Before Depreciation	1,498,798.12	1,498,798.12
Depreciation/Depletion/Amortization	1,019,850.50	1,019,850.50
Net Profit (Loss) Before Other Income & Expenses	812,569.16	812,569.16
OTHER INCOME AND EXPENSES		
Other Income (attach schedule)		
Interest Expense	\$1,246,778.55	\$1,246,778.55
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(434,209.39)	(434,209.39)
REORGANIZATION ITEMS		
Professional Fees	3,244.00	3,244.00
U. S. Trustee Quarterly Fees		
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses		
Income Taxes		
Net Profit (Loss)	\$ (437,453.39)	\$ (437,453.39)

*"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	2,381,123.84	115,615.10
Restricted Cash and Cash Equivalents (see continuation sheet)	5,061.22	
Accounts Receivable (Net)	15,681,043.13	15,720,795.19
Notes Receivable		
Inventories		
Prepaid Expenses	1,114,822.21	903,285.23
Professional Retainers	19,696.28	19,696.28
Intercompany A/R (A/P)	(338,338.26)	(338,338.26)
Other Current Assets (attach schedule)		
TOTAL CURRENT ASSETS	\$ 18,863,408.42	\$ 16,421,053.54
OIL AND GAS PROPERTY		
Oil and Gas Property	157,307,058.59	157,336,457.08
Accumulated DD&A	(33,547,219.53)	(32,537,219.53)
TOTAL OIL & GAS PROPERTY	123,759,839.06	124,799,237.55
PROPERTY AND EQUIPMENT		
Machinery and Equipment		
Furniture, Fixtures and Office Equipment	328,885.09	328,885.09
Leasehold Improvements		
Vehicles	28,893.00	28,893.00
Less Accumulated Depreciation	(131,113.34)	(126,897.75)
TOTAL PROPERTY & EQUIPMENT	\$ 226,664.75	\$ 230,880.34
OTHER ASSETS		
Loans to Insiders*		
Investments	500,000.00	500,000.00
Other Assets (attach schedule)	25,250.42	25,250.42
TOTAL OTHER ASSETS	\$ 525,250.42	\$ 525,250.42
TOTAL ASSETS	\$ 143,375,162.65	\$ 141,976,421.85

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	925,231.48	
Interest Payable	1,244,309.06	
Asset Retirement Obligation	3,100.00	
Taxes Payable (refer to FORM MOR-4)		
Wages Payable		
Notes Payable - Current	282.92	
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities (attach schedule)		
TOTAL POSTPETITION LIABILITIES	\$ 2,172,923.46	\$ -
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Accounts Payable	8,831,057.20	9,167,786.48
Cash Advances from JV (Prepaid Drilling costs)	1,019,758.61	1,019,758.61
Interest Payable	\$2,714,142.19	\$2,714,142.19
Asset Retirement Obligation	\$391,307.88	\$391,307.88
Secured Debt	\$99,754,340.47	\$99,754,340.47
Priority Debt		
Unsecured Debt		
Capital Lease (CRA)	\$10,983,243.03	\$10,983,243.03
Asset Retirement Obligation		
TOTAL PRE-PETITION LIABILITIES	\$ 123,693,849.38	\$ 124,030,578.65
TOTAL LIABILITIES	\$ 125,866,772.84	\$ 124,030,578.65
OWNER EQUITY		
Capital Stock	4,561,952.00	4,561,952.00
Additional Paid-In Capital	12,551,213.80	12,551,213.80
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition	(3,483,213.79)	(3,483,213.79)
Retained Earnings - Postpetition		
Current Year Income(Loss)	3,878,437.80	4,315,891.19
Adjustments to Owner Equity (attach schedule)		
Postpetition Contributions (Distributions) (Draws) (attach schedule)		
NET OWNER EQUITY	\$ 17,508,389.81	\$ 17,945,843.20
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ 143,375,162.65	\$ 141,976,421.85

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

BALANCE SHEET - continuation sheet

ASSETS		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Other Assets			
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Postpetition Liabilities			
Adjustments to Owner Equity			
Postpetition Contributions (Distributions) (Draws)			

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
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.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
FICA-Employee	0.00	9,163.35	9,163.35	May 26-June 30, 2010	EFT	0.00
FICA-Employer	0.00	9,163.35	9,163.35	May 26-June 30, 2010	EFT	0.00
Unemployment	0.00	9.00	9.00	May 26-June 30, 2010	EFT	0.00
Income Federal	0.00	17,543.23	17,543.23	May 26-June 30, 2010	EFT	0.00
Other:						
Total Federal Taxes		35,878.93				
State and Local-Withholding						
Income States	0.00	3,631.36	3,631.36	May 26-June 30, 2010	EFT	0.00
CO Denver CT	0.00	20.00	20.00	May 26-June 30, 2010	EFT	0.00
Unemployment	0.00	2.30	2.30	May 26-June 30, 2010	EFT	0.00
TX UOA, ETIA	0.00	1.45	1.45	May 26-June 30, 2010	EFT	0.00
Real Property						
Personal Property						
Other: Okl. Franchise Tax 2010-2011	0.00	20,100.00	20,000.00	6/2/2010	Check #295	0.00
Total State and Local		23,755.11				
Total Taxes		59,634.04				

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	(\$64,689.82)					(\$64,689.82)
Employee Deductions Payable	(\$20,541.66)					(\$20,541.66)
Estimated Bank Loan Interest	(1,244,309.06)					(\$1,244,309.06)
Estimated Unbilled Operating Costs Accrued	(\$840,000.00)					(\$840,000.00)
Wages Payable						\$0.00
Taxes Payable						0.00
Rent/Leases-Building						0.00
Rent/Leases-Equipment						0.00
Secured Debt/Adequate Protection Payments						0.00
Professional Fees						0.00
Amounts Due to Insiders*						0.00
Other:						0.00
Other:						0.00
Total Postpetition Debts	(\$2,169,540.54)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,169,540.54)

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

*"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	15,720,067.05
+ Amounts billed during the period	673,340.65
- Amounts collected during the period	712,364.57
Total Accounts Receivable at the end of the reporting period	15,681,043.13
Accounts Receivable Aging	Amount
0 - 30 days old	5,406,720.80
31 - 60 days old	5,206,555.30
61 - 90 days old	2,430,316.90
91+ days old	2,637,450.13
Total Accounts Receivable	15,681,043.13
Amount considered uncollectible (Bad Debt)	0.00
Accounts Receivable (Net)	15,681,043.13

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 ¹	

¹ Pursuant to the *Order Determining Adequate Assurance of Payment for Payment for Future Utility Services* [Docket No. 73], the Debtor opened the Adequate Assurance Deposit Account, as defined in the related motion [Docket No. 41].