IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

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| IN RE: | § | |
| | § | |
| AMERICAN LIBERTY OIL COMPANY, LP, | § | CASE NO. 15-32019-SGJ-11 |
| ~~COMPANY, LP,~~ | ~~§~~ | ~~(Chapter 11)~~ |
| | ~~§~~ | |
| ~~DEBTOR~~ | ~~§~~ | |
| | ~~§~~ | |
| ~~IN RE:~~ | ~~§~~ | |
| | § | |
| RANCHLAND HOLDINGS, LTD., | § | CASE NO. 15-33461-SGJ-11 |
| | ~~§~~ | ~~(Chapter 11)~~ |
| ~~INVOLUNTARY~~ | ~~§~~ | |
| DEBTOR | ~~§~~ § | **(Jointly Administered: 15-32019-SGJ-11)** |

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**AMERICAN LIBERTY OIL COMPANY, LP AND THE JAMES WYNNE PARTIES' FIRST AMENDED DISCLOSURE STATEMENT IN SUPPORT OF JOINT PLAN OF REORGANIZATION DATED MAY 2, 2016**

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**ATTORNEYS FOR THE JAMES WYNNE PARTIES**

This Disclosure Statement has been prepared by American Liberty Oil Company, LP, the debtor and debtor-in-possession in the above-referenced case ("ALOC" or "ALOC LP")), JW GST Exempt Trust ("JW Trust") and James Y. Wynne ("JWW" and together with the JW Trust, the "James Wynne Parties" and together with ALOC, the "Plan Proponents") for purposes of the bankruptcy cases of ALOC and Ranchland Holdings, Ltd. ("Ranchland" and together with ALOC, the "Debtors"). This disclosure statement describes the terms and provisions of the First Amended Joint Plan of Reorganization dated May 2, 2016 (the "Chapter 11 Plan" or "Plan"). A copy of the Plan is included with this Disclosure Statement as Exhibit "1".

## I.
## SUMMARY OF PLAN

**The following is an abbreviated summary of certain key points of the Chapter 11 Plan. Parties are cautioned to read the Chapter 11 Plan in detail, because in the event of any conflict between the Chapter 11 Plan and this Disclosure Statement, the Chapter 11 Plan shall control.**

ALOC's primary asset is 7,500 acres in Kaufman County Texas, where it operates an executive retreat through an operational subsidiary entity. For purposes of this Disclosure Statement and the Plan, the property is divided as follows and illustrated by maps attached as Exhibits to the Plan:

**ALOC – Tract 1**: approximately 3,300 acres;

**ALOC - Tract 2**: approximately 1,207 acres;

**ALOC - Tract 3**: approximately 150 acres;

**ALOC - Tract 4**: approximately 96.7 acres;

The executive retreat and associated improvements are located on ALOC – Tract 1.

**Ranchland – Northstar**: approximately 85.3347 acres;

**Ranchland - Five Points**: approximately 102.3900 acres;

**Ranchland – Crescent**: approximately 147.7300 acres;

**JWW Tract:** an approximate 1950 acre tract;

As described in more detail below, ALOC, Ranchland, and certain other parties have been involved in considerable litigation with the James Wynne Parties regarding, among other claims, disputed equity and debt claims in and against ALOC and Ranchland. The parties have agreed to resolve all such interests and claims by, among other agreements, a full mutual release and a partition whereby the James Wynne Parties will assume all liability of the claims of the Toddie Lee Wynne Sr. Grandchildren's Trust and take certain real property otherwise free of all

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other claims and interests. More specifically, the real property to be partitioned to the James Wynne Parties is: (a) an approximate 1950 acres; and (b) Ranchland – Crescent. Maps of these Tracts are attached to the Chapter 11 Plan.

ALOC and Ranchland will retain all other real property and debt.

The Plan Proponents believe that the property to be retained by the Reorganized Debtors believe is worth, on a fair market value basis, at least: ALOC - ~~Adjusted~~ Tract 1 ($12.3MM~~), ALOC – Michael Morris ($500k~~); ALOC –Tract 2 ($5.5M); ALOC – Tract 3 ($500k); ALOC – Tract 4 ($1.0MM); Ranchland – Northstar ($1.5MM); and Ranchland – Five Points ($1.6MM). The Plan Proponents believe that the property to be received by the James Wynne Parties is likewise worth, on a fair market value basis, at least: JWW Tract ($6.5MM) and Ranchland – Crescent ($665k).

Other than James Wynne Parties, which are provided for fully by the settlement and partition, the primary constituents in this case consist of the following parties: Legacy Land Bank FLCA, Michael Morris, Toddie Lee Wynne Sr. Grandchildren's Trust, Citizens National Bank of Texas, Erin and Wreno Wynne, Vandera Operating Company, and the Spence Testamentary Trust (WBW Estate). The Chapter 11 Plan contemplates the consolidation of the assets of ALOC and Ranchland into one entity referred to as the "Reorganized Debtor". The Chapter 11 Plan further contemplates new financing to satisfy the claims of Legacy Land Bank FLCA, and possibly Citizens National Bank of Texas, on terms that include an agreed reduction of the alleged debt.

ALOC is evaluating two financing options. Under Option 1, the new financing will be: (a) in the approximate amount of $5,500,000.00; (b) secured by a first lien on the majority of the Reorganized Debtor's remaining property, currently anticipated as ALOC –Tract 1, ALOC - Tract 2, and Ranchland – ~~Northstar~~Five Points; and (c) used to satisfy the claims of Legacy Land Bank FLCA and Citizens National Bank of Texas, as well as fund the Debtor's restructuring costs. Under Option 2, the Debtor will obtain financing in the approximate amount of $2,500,000.00, secured by a lien on ALOC –Tract 1, which will be used to partially satisfy the claim of Legacy Land Bank FLCA. ALOC will obtain additional financing of approximately $1MM secured by ALOC - Tract 2 to satisfy the claim of Legacy Land Bank FLCA and fund restructuring costs.

The Table below summarizes the disposition and/or lien positions under each option.

| **Tracts** | **Financing Option 1** | **Financing Option 2** |
|---|---|---|
| ALOC - Tract 1 | 1st lien in favor of new lender on ~$5.5M debt, 2nd lien in favor of Michael Morris on ~$1M debt | 1st lien in favor of new lender on ~$2.5M debt, 2nd lien in favor of Michael Morris on ~$1M debt |
| ALOC - Tract 2 | 1st lien in favor of new lender on ~$5.5M debt, 2nd lien in favor of Michael Morris on ~$1M debt | 1st lien in favor of new lender on ~$1M debt |
| JWW Tract | Transferred to the James | Transferred to the James |

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|---|---|---|
| | Wynne Parties | Wynne Parties |

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|---|---|---|
| ALOC - Tract 4 | Unencumbered | 1st lien in favor of CNB on ~$680k debt. 2nd lien in favor of the Spence Testamentary Trust (WBW Estate). |
| ALOC – Tract 3 | 1st lien in favor of Michael Morris Loan Document Claims on ~$1M debt | 1st lien in favor of Michael Morris Loan Document Claims on ~$1M debt |
| Ranchland – ~~Northstar~~Five Points | 1st lien in favor of new lender on ~$5.5M debt, 2nd lien in favor of the Spence Testamentary Trust (WBW Estate). | 1st lien in favor of CNB on ~$680k debt. 2nd lien in favor of the Spence Testamentary Trust (WBW Estate). |
| Ranchland - ~~Five Points~~Northstar | 1st lien in favor of the Spence Testamentary Trust (WBW Estate). | 1st lien in favor of CNB on ~$680k debt. 2nd lien in favor of the Spence Testamentary Trust (WBW Estate). |
| Ranchland – Crescent | Transferred to the James Wynne Parties | Transferred to the James Wynne Parties |

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Under both options, the claims of Erin and Wreno Wynne and Vandera Operating Company will be consolidated and satisfied by payments over time secured by a first lien on personal property and a lien on the Reorganized Debtors' real property subordinate to each of the lien positions set forth above. Additionally, it is possible that the Reorganized Debtor will pledge a subordinate lien on its real property to Debtor's counsel in the event the Reorganized Debtor has insufficient funds from Closing and other sources to satisfy outstanding attorney's fees and claims after confirmation.

The Toddie Lee Wynne Sr. Grandchildren's Trust will be assumed by the James Wynne Parties and paid over time with a lien secured by certain real property transferred to the James Wynne Parties (the JWW Tract and Ranchland – Crescent).

The final structure may vary from the final structure depending on the final financing terms. That being the case, any such changes will likely have limited impact on the terms and risks to any non-consenting parties.

With respect to feasibility, ALOC will continue to market ALOC – Tract 2 and will market Ranchland – Five Points and Ranchland – Northstar. ALOC will list ALOC – Tract 4 at the end of year 2 if no property has sold. The Reorganized Debtor will continue to operate the executive retreat through its subsidiary or cease operations in its discretion. The James Wynne Parties will market Ranchland- Crescent for sale or development immediately following partition or transfer of property and will begin working to generate other income from JWW and Ranchland - Crescent tracts.

## II.
## BACKGROUND OF DEBTORS AND EVENTS LEADING TO THE DEBTORS' CHAPTER 11 BANKRUPTCY FILINGS

**A. Historical Background of ALOC**

ALOC was founded in the 1930s as the production and distribution arm of Clint Murchison Sr. in the East Texas oil fields. ALOC's name represented Murchison's opposition to proration laws capping the production of domestic oil, and in 1940, after the unexpected death of Murchison's partner Dudley Golding, the company's leading advocate against regulation, general counsel Toddie Lee Wynne Sr., took over as CEO. In 1946, Wynne bought out Murchison's share in the company, and over the next four and a half decades, he would build ALOC into one of nation's premier energy companies, with a portfolio that included oil and gas production across the continent; refinery, manufacturing, and ranching interests; hotels in Hong Kong, Bali, Nepal, and Malta; and roles in numerous local developments such as Wynnewood, Plaza of the Americas, and Six Flags Over Texas.

With Toddie Lee Wynne Sr.'s death in 1982, control of American Liberty Oil Company went to his son, Toddie Lee Wynne Jr., who was chairman and partner in the real estate development firm of Wynne-Jackson that had built Plaza of the Americas. Over the next five years, Wynne Jr. attempted to consolidate the company's assets and secure its continued sustainability. However, with his own sudden death in 1987 at the age of only 62, control of the company was contested during a nearly ten-year-long estate battle between Wynne's children and his second wife. The resolution of that litigation left his three sons, Wreno, James, and Ben, in complete control of the company, but in the interim, ALOC had been reduced to a shadow of its former profitability.

Throughout the 1990s and 2000s, ALOC settled into an unsustainable pattern. The company would leverage existing assets to accumulate debt in support of unproven new ventures. Then, it would sell off profitable, revenue-generating assets, such as oil refinery operations in New Mexico, for short-term cash infusions. However, rather than use the available cash to clear its debt, management would issue partner distributions and invest in the planning of additional unfunded developments. Predictably, few of these new ventures ever got off the ground; only one has made any return beyond its initial investment.

The only two developments remaining from the last twenty years are Ranchland Holdings LTD ("Ranchland"), and the Star Brand Executive Retreat ("SBRER"). Ranchland was created in 2000 by the owners of ALOC to develop the most commercial viable portions of Star Brand Ranch in Kaufman, Texas, but to date, only 5 of the 300+ acres transferred to Ranchland have been developed and at no long-term gain to ALOC. Conversely, SBRER, which ALOC created in 1992 under its cattle company arm to operate a small executive conference center, developed a large body of reliable clients and has generated substantial revenue for the company. However, limited by its capacity and keenly vulnerable to economic downturns, SBRER has not proven to be as profitable as forecast and during the recessionary cycle of 2008-2012 SBRER was on the verge of closing.

Under the strain of the recession, long standing conflicts within ALOC management finally metastasized in 2011 into another round of litigation over ownership. James Y. Wynne transferred his LLC interest into a trust. The Member Majority, due to a $4.5 million dollar debt James Y. Wynne owed the company, as well as certain alleged actions regarding company assets, placed a number of conditions on the Trust's membership. Rather than accept these conditions, the Trust sued the Members of the LLC, which resulted in ALOC countersuing to enforce the debt.

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During the pendency of this litigation, Ben Wynne was diagnosed with cancer, and as his condition worsened, Ben transferred his interests in both the LLC and Ranchland's general partner to his brother Wreno. Wreno also transferred small percentages of LLC ownership to his two children prior to Ben's death, which occurred in July of 2013. Five months later, the trial court in Kaufman issued a summary judgment order against James Y. Wynne and his Trust, denying all of their claims against the LLC Members and confirming ALOC's right to foreclose on all of James's ALOC interests as security on his unpaid debt.

During the years from 2011 to 2013, Wreno Wynne had made capital contributions to keep ALOC operational and current on its debt. Less than five days after the Court issued its ruling, Wreno Wynne died unexpectedly at his home. Following his brother's death, Wreno had transferred all of his ALOC and Ranchland related interests into various trust entities for the benefit of his children. With Wreno's death and the ruling against James Y. Wynne, control of Wreno's trusts and consequently ALOC went to his children, Wreno S. Wynne Jr. and Erin Anne Wynne.

In the two years prior to bankruptcy under their guidance, ALOC has taken the first steps in a significant course correction by implementing various management principles and financial stewardship and by increasing the volume of SBRER business and putting in place a plan to eliminate legacy debt and liabilities. However, given the long declining momentum of the company and significant debt-to-revenue issues, further work remains to stabilize the company and ensure ALOC's continued existence.

### C. Ranchland

Ranchland was formed in 2001 for the purposes of holding certain ALOC property for development. Thereafter, a series of transactions occurred whereby property was transferred from ALOC to Ranchland, including Ranchland – Northstar, 85.3347 approximate acres; Ranchland - Five Points, 102.3900 approximate acres; and Ranchland – Crescent.

### D. Events Leading up to Bankruptcy

Currently, ALOC owns approximately 7500 acres in East Texas (the "Ranch"), as well as 100% of Star Brand Cattle Company LLC, 99.9% of Star Brand Cattle Company Ltd. d/b/a Star Brand Ranch Executive Retreat, and 99% of Ranchland Holdings Ltd. ("Ranchland"). Ranchland owns 335 acres of undeveloped ranchland that is contiguous with the Ranch. Star Brand Cattle Company Ltd. serves as the operational division for the

affiliated entities and employs 15-20 personnel (depending on the calendar) for various functions, including accounting, general management of the Ranch, and operating the Ranch's executive retreat. Additionally, ALOC owns several interests in oil and gas leases related and unrelated to the Ranch and other personal property.

With respect to creditors, ALOC's primary creditor group consists of Legacy Land Bank, FLCA with an asserted secured claim against the Ranch of approximately $2.1MM, the Michael Morris Trust with an asserted secured claim against the real property of approximately $1MM, and the Toddie Lee Wynne Grand Children Trust with an asserted secured claim against 25% of ALOC's equity of approximately $1MM. Additionally, Citizens National Bank asserts a secured claim against the land owned by Ranchland in the approximate amount of $600k.

Wreno S. Wynne Jr. ("Wes Wynne") and Erin Anne Wynne ("Erin Wynne") have managed the ALOC's general partner since the death of their father in December 2013. During this time, ALOC and its subsidiaries' operations have been insufficient to satisfy the cash flow requirements of the Debtor and its affiliates. As a result, Wes and Erin Wynne have loaned ALOC approximately $273,000.00, which has been memorialized by Notes secured by Security Agreements in various personal property owned by the Debtor.

During this time that ALOC was unable to meet its operational liabilities, ALOC was also involved in several lawsuits that placed additional strain on its finances. The lawsuits include: (a) a lawsuit filed and pending in Illinois related to the ALOC's ownership of a working interest in an Illinois oil development (the " Pending Illinois Lawsuit"); (b) a lawsuit filed and pending in Texas where ALOC asserts damages for breach of contract related to tree harvesting; (c) a lawsuit where final judgment has been entered but is currently pending on appeal that includes, among other claims, the award of approximately $5MM in favor ALOC against James Y. Wynne and the authorization for ALOC to foreclose on various collateral for the judgment, including but not limited to James Y. Wynne's purported 33% interest in ALOC (the "Kaufman County Final Judgment"); and (d) a lawsuit filed and pending in Henderson County involving claims by James Y. Wynne to prevent Erin and Wes Wynne from managing ALOC, to prohibit ALOC from selling assets, and to adjudicate certain buy/sell rights of ALOC's equity, as well as related claims by Erin and Wes Wynne against ALOC for monies advanced, and claims by ALOC that James Y. Wynne has no direct or indirect interest in ALOC following ALOC's foreclosure of his interest in ALOC pursuant to the Kaufman County Final Judgment (the "Pending Henderson County Lawsuit").

## III.
## ADMINISTRATION OF THE CHAPTER 11 CASE

On May 6, 2015 (the "Petition Date") ALOC filed with the United States bankruptcy Court for the northern District of Texas, Dallas Division (the "Bankruptcy Court") a voluntary petition for relief under Chapter 11 of title 11 of the United States Code ("Bankruptcy Code") commencing this bankruptcy case. ALOC continues to operate as debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy

Code. No trustee or examiner has been appointed, and no committee has yet been appointed or designated.

The Bankruptcy Court has entered a number of orders to, among other things: (1) prevent interruption to ALOC's business; (2) provide access to much needed working capital; and (3) allow ALOC to retain certain professionals necessary to assist ALOC with the administration of the Chapter 11 Case.

**A. FILINGS WITH THE COURT**

**1. Procedural Matters**

To facilitate a smooth and efficient administration of the Chapter 11 Case and to reduce the administrative burden associated therewith, the Bankruptcy Court entered the following procedural orders:

- *Order Granting Application to Employ Quilling Selander Lownds Winslett & Moser, P.C.* [Docket No 55].
- *Order Granting Application to Employ Hi View Real Estate as Real Estate Broker* [Docket No 54].
- *Order Granting Application to Employ Skibell, Bohach & Archer, P.C. as Special Counsel* [Docket No. 56].
- *Order Granting Application to Employ Allie Beth Allman and Associates, and Moreland Properties as Real Estate Broker* [Docket No 57].
- *Order Granting Application to Employ Foreman & Kessler, Ltd. as Special Counsel* [Docket No. 58].
- *Order Regarding Motion To Authorize Debtor To Call And Cast Votes At Meeting Of Ranchland Holdings, Ltd.* [Docket No. 95].
- *Order Granting Motion to Extend the Exclusivity Period to File a Chapter 11 Plan* [Docket No. 97].

**2. Financing And Operational Matters**

To foster the continued operation of ALOC's business without interruption, the Bankruptcy Court has entered the following orders authoring the use of cash collateral and the provision of debtor in possession financing and maintaining prepetition utilities and employee and membership programs.

- *Order Granting Motion For Entry Of Order (i) Prohibiting Utilities From Altering, Refusing Or Discontinuing Services On Account Of Prepetition Invoices And (ii) Authorizing And Approving Of Procedures For Providing Adequate Assurance* [Docket No. 32].

- *Order Granting Expedited Motion for Order Authorizing Debtor to Pay Prepetition Ad Valorem Taxes, Employee Insurance Benefits and a De Minimis Service Expense* [ Docket No. 33].
- *Interim Order on Debtor's Motion For Interim And Final Order Authorizing (A) Borrowing Secured By Junior Liens On Property Of The Estate (B) Making Of Drop Down Loans To Non-Debtor Subsidiary (C) Additional Lending Procedures (D) Modification Of The Automatic Stay And (E) Setting Final Hearing* [Docket No 98].
- *Final Order on Debtor's Motion For Interim And Final Order Authorizing (A) Borrowing Secured By Junior Liens On Property Of The Estate (B) Making Of Drop Down Loans To Non-Debtor Subsidiary (C) Additional Lending Procedures (D) Modification Of The Automatic Stay* [Docket No. 108].

**3. Schedules and Statement of Financial Affairs**

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On June 3, 2015 the Debtor filed its Schedules A, B, D-H with Summary of Schedules, Statement of Financial Affairs [Docket Nos. 22 and 23].

On July 28, 2015 the Debtor filed an Amended Schedules B and H [Docket No. 43] and Amended Statement of Financial Affairs [Docket No. 44].

## B. CREDITORS AND CREDITOR COMMITTEE

The meeting of creditors under Section 341 of the Bankruptcy Code ("341 Meeting") was commenced and concluded on June 11, 2015.

No official committee of unsecured creditors has yet been appointed and no such committee is expected to be appointed.

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## E. KAUFMAN COUNTY LITIGATION

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In August 2011, JW GST Exempt Trust, by and through its Trustee James Y. Wynne (collectively "JW Trust") filed a lawsuit (the "Kaufman Suit") against Wreno and Ben in Kaufman County, with James soon intervening and joining in JW Trust's claims. In the Kaufman Suit, The JW Trust and James Y. Wynne ("James") alleged that they were wrongfully excluded from ALOC's general partner, American Liberty Oil Company, LLC ("the LLC," and collectively with the Debtor, the "ALOC Entities"), and sought various types of relief, including damages for breach of contract, declaratory relief regarding their legal interests in ALOC and the LLC, and injunctive relief preventing operations of the LLC and the Debtor until James and/or JW Trust was declared a Member of the LLC.

ALOC and the LLC intervened as necessary parties, asserting a counterclaim against James and JW Trust for unpaid debts secured by promissory notes ("Notes") in the amount of approximately $4 million and seeking foreclosure of their security interest in the collateral for the unpaid debt.

In February 2014, the Kaufman County court rendered a take nothing judgment against the Trust and James and rendered judgment in favor of Wreno, Ben, ALOC, and the LLC, awarding damages of $4,332,31.28 on the Notes, damages of $211,487.68 on other debt owed by James and JW Trust, and the right to foreclose on the collateral securing the Notes. To date, the judgment has not been superseded.

Pursuant to the final judgment in the Kaufman Suit, a writ of execution was issued by the Kaufman County District Clerk on the various interests in ALOC and the LLC previously belonging to James and JW Trust on April 16, 2015. Subsequently, the LLC purchased these interests at a sheriff's sale on May 5, 2015. James and JW Trust appealed the judgment in the Kaufman Suit, and the appeal is currently stayed in the Fifth District Court of Appeals as Case No. 05-14-00565-CV ("Kaufman Appeal").

**F. REMOVED ACTION**

On August 3, 2015, ALOC removed the state court action styled, *The JW GST Exempt Trust, by and through its Trustee James Y. Wynne v. William M. Bywaters et al.*, Cause No. 60-2013CL2, County Court at Law No. 2, Henderson County, Texas (the "Removed Action") – to the Tyler Division of the United States Bankruptcy Court for the Eastern District of Texas ("Tyler Court") pursuant to Bankruptcy Rule 9027, as the Removed Action had been pending in a state court located within that division and district. The following day, ALOC filed its Motion to Transfer Venue of the Removed Action to this Court.

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The Motion to Transfer Venue of the Removed Action was granted and the Removed Action is now pending as an adversary proceeding before this Court with adversary proceeding number 15-03109. The JW Trust filed a Motion to Abstain from Hearing Proceeding and to Remand to Henderson County Court ("Remand Motion") on August 7, 2015.

ALOC opposes the Remand Motion and is preparing a response. No hearing is currently set.

**G. OTHER CONTESTED PROCEEDINGS**

On August 7, 2015 James and the JW Trust filed a Motion to Dismiss ALOC's Chapter 11 bankruptcy case [Docket No. 61], and a Motion to Withdraw the Reference [Docket No. 65] that are still pending.

On August 12, 2015, James and the JW Trust filed a Motion for Relief from the Automatic Stay to continue with the Kaufman Appeal and the Removed Action. ALOC opposes such relief and a hearing has been held. The Motion for Relief is under consideration by the Court at this time.

**H. RANCHLAND HOLDINGS INVOLUNTARY PETITION**

As set forth above, Ranchland owns 335 acres of undeveloped ranchland contiguous with the Debtor's 7500 acre Ranch. On August 28, 2015, the Court entered an Order authorizing the Debtor under Section 363(b) of the Bankruptcy Code to file an involuntary petition against

Ranchland due to an impending foreclosure against Ranchland's real property. The involuntary petition against Ranchland was filed on the same day as the entry of such Order.

## I. CLAIMS BAR DATE

The Proof of Claim Bar Date for filing proofs of claim in the ALOC case passed on September 9, 2015. The bar date in the Ranchland case is set for July 13, 2016.

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## IV.
## PURPOSE OF DISCLOSURE STATEMENT

The purpose of this Disclosure Statement is to disclose adequate information, of a kind and in sufficient detail, to enable a hypothetical reasonable investor typical of the holders of Claims against and Interests in the Debtors to make an informed judgment with respect to acceptance or rejection of the Plan. Reorganization pursuant to chapter 11 of the Bankruptcy Code depends upon the receipt of a sufficient number of votes in favor of reorganization. Every vote, therefore, is important.

After notice and a hearing, and in accordance with 11 U.S.C. § 1125, the Plan Proponents intend to request that the Court approve this Disclosure Statement as containing information, of a kind and in sufficient detail, adequate to enable a hypothetical reasonable investor typical of the holders of Claims against and Interests in the Debtors to make an informed judgment with respect to acceptance or rejection of the Plan.

**THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN.**

Please read this Disclosure Statement, the Plan and the Plan Documents in their entirety prior to voting on the Plan. This Disclosure Statement describes various transactions contemplated under the Plan. No solicitation of acceptances may be made except pursuant to this Disclosure Statement and no person has been authorized to disseminate any information concerning the Debtor or its business other than the information contained in this Disclosure Statement. Parties entitled to vote are urged to study the Plan and the Plan Documents in full and to consult with legal counsel about the Plan and its effect, including possible tax consequences, upon legal rights.

## V.
## SUMMARY OF CHAPTER 11 PLAN

### A. PURPOSE AND EFFECT OF CHAPTER 11 PLAN.

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The primary objective of the Chapter 11 Plan is to emerge from Chapter 11 with a reorganized business and restructured secured debt obligations, as well as, to bring finality to the Debtor's disputes and related litigation with James Y. Wynne and the JW Trust.

**THE DEBTOR URGES THAT CREDITORS VOTE TO ACCEPT THE PLAN. BALLOTS ARE DUE BY [_____], 2015 AT 5:00 P.M., CENTRAL TIME.**

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After carefully reviewing this Disclosure Statement, the Plan and the Plan Documents, please indicate acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed ballot. After voting, return the ballot to counsel for the Debtor at the address set forth on the ballot, by **5:00 P.M., Central Time, on [_____], 2015** (the "the Ballot Deadline").

**ANY BALLOTS RECEIVED BY THE DEBTOR'S COUNSEL AFTER [ ], 2015 AT 5:00 P.M. CENTRAL TIME, WILL NOT BE COUNTED.**

## B. ENTITIES ENTITLED TO VOTE ON THE PLAN.

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims that are 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.

Furthermore, the Bankruptcy Code requires that each Claim or Interest be placed in a Class with Claims or Interests that are "substantially similar." Consents to a plan of reorganization are then solicited and tallied for each class. At a minimum, at least one class of impaired Claims (without including any acceptance of the Plan by insiders) must vote to accept the Plan. An impaired Class of Claims will be deemed to accept the Plan if the holders of Allowed Claims in that class casting votes in favor of acceptance of the Plan: (1) hold at least two-thirds in aggregate dollar amount of the Claims of the holders in such Class who cast votes with respect to the Plan, and (2) constitute more than one-half in number of holders Allowed Claims in such Class who cast votes with respect to the Plan.

Classes of Claims or Interests that are not impaired under the Plan are conclusively presumed to have accepted the Plan and are not entitled to vote. By contrast, Classes of Claims or Interests that do not receive or retain any property under the Plan on account of such Claims or Interests are deemed to have rejected the Plan and do not vote. Acceptances of the Plan are being solicited only from those persons who hold Claims or Interests in a class which may be impaired under the Plan and who are not deemed by the Bankruptcy Code to have rejected the Plan. A Class of Claims or Interests is impaired if the legal, equitable, or contractual rights of the holders of such Claims or Interests are altered with respect to such Claims or Interests.

| Class | Class Description | Status | Voting Rights |
|---|---|---|---|
| Class 1 | Legacy Land Bank FCLA | Impaired | Entitled to Vote |
| Class 2 | Michael Morris Loan Documents | Impaired | Entitled to Vote |
| Class 3 | Toddie Lee Wynne Sr. Grandchildren's Trust | Impaired | Entitled to Vote |



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| Class 4 | CNB | Impaired | Entitled to Vote |
| Class 5 | Erin and Wreno Wynne | Impaired | Entitled to Vote |
| Class 6 | Secured DIP Facility/Exit Financing | Impaired | Entitled to Vote |
| Class 7 | Property Tax | Impaired | Entitled to Vote |
| Class 8 | Claims and Interests of the James Wynne Parties | Impaired | Entitled to Vote |
| Class 9 | Unsecured Claims | Impaired | Entitled to Vote |
| Class 10 | Unsecured Convenience Claims | Unimpaired | Not Entitled to Vote |
| Class 11 | Equity Interests in ALOC LP - ALOC LLC, WW GST Exempt Trust (LT) , Wynne Test. Trust (WBW Estate) | Impaired | Entitled to Vote |
| Class 12 | Equity Interests in Ranchland – Celadon Development, LLC, ALOC LP, and WW GST Exempt Trust (c. 2000). (LT) , the WBW Estate f/b/o the Wynne Test. Trust | Impaired | Entitled to Vote |
| Class 13 | Claims and Interests of the WBW Estate f/b/o the Spence Testamentary. Trust | Impaired | Entitled to Vote |

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## C. FILING PROOFS OF CLAIM OR INTEREST.

A proof of claim or interest is deemed filed for any Claim or Interest that appears in the Debtors' Schedules of Assets and Liabilities that were filed in these cases, except a Claim or Interest that is scheduled as disputed, contingent, or unliquidated. In other words, if a creditor or Interest Holder agrees with the amount of the claim or interest as scheduled by the Debtors and that Claim or Interest is not listed in the Schedules as being disputed, contingent, or unliquidated, it is not necessary that a separate proof of claim or interest be filed.

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However, Claims or Interests that are not scheduled, or which are scheduled as disputed, contingent, or unliquidated, shall be recognized and allowed only if a proof of claim or interest is timely filed. The Schedules have been filed with the Clerk of the Bankruptcy Court in this case and are available for inspection during regular court hours. The Court has set a Bar Date for filing proofs of claim in this case. The Clerk of the Bankruptcy Court will maintain a claims register for the proofs of claim filed against the Debtors.

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**D. THE SOLICITATION PROCESS.**

**1. Solicitation Package.**

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

- A cover letter;
- The order approving the Disclosure Statement;
- A Ballot with voting instructions (and a pre-addressed, postage prepaid return envelope);
- The Notice of Confirmation Hearing;
- The approved form of the Disclosure Statement (with the Plan attached as Exhibit "~~A~~1" thereto);
- Any additional material as the Bankruptcy Court may direct, if necessary.

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**2. Distribution of the Solicitation Package.**

The Plan Proponents will distribute the Solicitation Packages no less than 28 calendar days prior to the Ballot Deadline (the "Solicitation Date") to all Holders of Claims in the Bankruptcy Case as of **[_____], 2016** in compliance with Bankruptcy Rules 3017(d) and 2002(b). The Solicitation Package may also be obtained: (a) from ALOC's counsel by (i) writing to Nita Chancellor, 2001 Bryan Street, Suite 1800, Dallas, Texas 75201, or (ii) emailing nchancellor@qslwm.com ; or (iii) for a fee via PACER at http://www.uscourts.gov.

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**3. The Ballot Deadline.**

**The Ballot Deadline is [_____], 2016 at 5:00 p.m., Central Time**. To ensure that a vote is counted, Holders of Allowed Claims must: (a) complete the Ballot; (b) indicate a decision either to accept or reject the Plan; and (c) sign and return the Ballot to the address set forth on the enclosed pre-addressed envelope provided in the Solicitation Package or by delivery by first class mail, overnight courier or personal delivery, so that all Ballots are **actually received** no later than the Ballot Deadline.

The Plan Proponents are not soliciting acceptances of the Plan from the Holders of Claims in Class 10. Class 10 is not impaired under the Plan. Therefore, this Class is deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code. The Plan Proponents are seeking acceptances of the Plan from the Holders of Claims in Classes 1-9 and

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11-13. These Classes are impaired under the Plan. The Plan Proponents believe that all Holders of Claims in Classes 1-9 and 11-13are entitled to vote and requests that all such Holders do so by completing a Ballot so that it is **actually received** on or before the Ballot Deadline by ALOC's counsel at: Quilling Selander Lownds Winslett & Moser, P.C., c/o Hudson M. Jobe, 2001 Bryan Street, Suite 1800, Dallas, Texas 75201. To the extent there is a dispute as to whether Claims in any Class are in fact impaired, such dispute will be determined by the Court after all votes have been received.

Any Claim as to which an objection is filed is not entitled to vote unless the Bankruptcy Court, upon application or motion of the Holder whose Claim has been objected to, temporarily allows the Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan prior to the Ballot Deadline. A vote may be disregarded or disallowed if the Court determines that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

4. **Voting Procedures.**

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BEFORE COMPLETING THE BALLOT, PLEASE CAREFULLY READ ALL MATERIALS THAT MAY ACCOMPANY THE DISCLOSURE STATEMENT, PLAN, PLAN DOCUMENTS AND BALLOT. AFTER COMPLETING, DATING, AND SIGNING THE BALLOT, YOUR BALLOT MUST BE DELIVERED TO COUNSEL FOR ALOC AT THE FOLLOWING ADDRESS:

**QUILLING SELANDER LOWNDS WINSLETT & MOSER, P.C.**
**ATTN: HUDSON M. JOBE**
**2001 BRYAN STREET, SUITE 1800**
**DALLAS, TEXAS 75201**

TO BE COUNTED, A BALLOT WITH AN ORIGINAL SIGNATURE MUST BE RECEIVED AT THE FOREGOING ADDRESS NO LATER THAN [_____ ], 2016 AT 5:00 P.M., CENTRAL TIME. IF A BALLOT IS RECEIVED AFTER THE BALLOT DEADLINE, IT WILL NOT COUNT UNLESS THE DEBTOR DETERMINES OTHERWISE. ANY BALLOT THAT IS PROPERLY EXECUTED BY THE HOLDER OF A CLAIM, BUT THAT DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL NOT BE COUNTED.

It is important to follow the specific instructions provided on each ballot when submitting a vote.

**E. CONFIRMATION HEARING ON THE PLAN.**

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**1. Confirmation Hearing.**

Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold a hearing on confirmation of a plan of reorganization. The Confirmation Hearing on the Plan is scheduled for [ ], 2016 at [ ] [ ].m., Central Time, at the United States Bankruptcy Court for the Northern

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District of Texas, United States Courthouse before the Honorable Stacey Jernigan. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, or as a result of, the Confirmation Hearing without further notice to parties in interest.

**2. Plan Objection Deadline.**

Section 1128(b) of the Bankruptcy Code provides that a party in interest may object to confirmation of a plan. The Court has directed that written objections to confirmation of the Plan, if any, must be filed with the Court and a copy of such written objections must be received by counsel for Plan Proponents on or **before [_____] [___].m. on [_____], 2016.** In accordance with the Confirmation Hearing Notice filed with the Bankruptcy Court, Plan Objections or requests for modifications to the Plan, if any, must:

- Be in writing;
- Conform to the Bankruptcy Rules and the Local Bankruptcy Rules;
- State with particularity the basis and nature of the Plan Objection and, if practicable, a proposed modification to the Plan that would resolve such Plan Objection; and
- Be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is **actually received** by the notice parties identified in the Confirmation Hearing Notice on or prior to the Ballot Deadline.

The Plan Proponents' proposed schedule will provide sufficient notice of the Plan Objection Deadline, which will be more than 28 days as required by Bankruptcy Rule 2002(b).

**3. Confirmation and Consummation of the Plan.**

It will be a condition to Confirmation of the Plan that all provisions, terms, and conditions of the Plan are approved in the Confirmation Order unless otherwise satisfied or waived pursuant to the provisions of Article VIII of the Plan.

A synopsis of the Plan is provided in Section I above. In addition, the entire text of the Plan has been provided, with this Disclosure Statement, to all holders of Claims and Equity Interests known to the Plan Proponents. The Plan is the operative controlling legal document and, therefore, should be read carefully and independently of this Disclosure Statement. Creditors, claimants, and other holders of Claims and Equity Interests, are further urged to consult with counsel and other professionals in order to fully resolve any questions concerning the Plan. The following is intended as a summary only and parties are cautioned to review the Plan in detail, as the Plan will govern any conflict between this Disclosure Statement and the Plan. Any capitalized terms not defined herein have the meaning set forth in the Plan.

Subject to the foregoing limitations, the Plan proposes to classify all Claims and Equity Interests in and against the Debtor and Equity Interests into 13 separate classes. The treatment of each of these categories and classes of Claims is discussed in more detail below and in Articles III, IV, V, and VI of the Plan.

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**F. DESIGNATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS.**

**1. Unclassified Claims**

***(a) Administrative Claims.***

Except as otherwise provided for herein or as previously ordered by the Court, each Person who asserts an Administrative Claim, other than (a) a Professional Fee Claim, (b) an Allowed Administrative Claim, or (c) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court, and serve on all parties required to receive notice thereof, an application for the allowance of such Administrative Claim no later than the Administrative Claims Bar Date (i.e., within thirty (30) days after the Confirmation Date). Such application must include at a minimum (a) the name of the holder of the alleged Administrative Claim, (b) the amount of the alleged Administrative Claim, and (c) the basis of the alleged Administrative Claim. Failure to timely file and serve the application required under this section shall result in the asserted Administrative Claim being forever barred and discharged.

***(b) Professional Fee Claims.***

Each Professional who asserts an Administrative Claim that is a Professional Fee Claim shall be required to file with the Bankruptcy Court, and shall serve on all parties required to receive notice, a final fee application within fifty-six (56) days after the Effective Date. Objections to fee applications must be filed within thirty (30) days after the filing and service of the fee application. Failure to timely file a Professional fee application as required under this section of the Plan shall result in the asserted Professional Fee Claim being forever barred and discharged.

***(c) Allowance of Administrative Claims and Professional Fee Claims.***

An Administrative Claim, other than a Professional Fee Claim, with respect to which notice has been timely and properly filed pursuant to Section 2.01 of the Plan, shall become an Allowed Administrative Claim if no objection is filed within sixty (60) days after its filing and service. If an objection is filed within such sixty (60) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order.

An Administrative Claim that is a Professional Fee Claim, and with respect to which a Fee Application has been timely and properly filed pursuant to the Plan, shall become an Allowed Administrative Claim only to the extent allowed by a Final Order.

An Administrative Claim that has been incurred in the ordinary course of business shall be paid in the ordinary course of business in accordance with the terms agreed upon by the Debtor and the Holders of such Administrative Claims.

***(d) Payment of Allowed Administrative Claims and Professional Fee Claims.***



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If an Administrative Claim becomes an Allowed Administrative Claim prior to the Effective Date, each Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim on or before the Effective Date: (i) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (ii) such other treatment as to which the Debtor and such Holder shall have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Cases shall be paid by the Debtor in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto. If an Administrative Claim becomes an Allowed Administrative Claim on or after the Effective Date, each Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim on, or as soon as reasonably practicable after, the date on which an Administrative Claim becomes an Allowed Administrative Claim: (i) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (ii) such other treatment as to which the Debtor and such Holder shall have agreed upon in writing.

All Allowed Professional Fee Claims shall be paid in full, in Cash, such amounts (a) on or as soon as reasonably practicable following the later to occur of (i) the Effective Date and (ii) the date on which the Bankruptcy Court order allowing such Claim becomes a Final Order, or (b) upon such other terms as may be mutually agreed upon between such Holder of an Allowed Professional Fee Claim and the Debtor.

***(e) United States Trustee Fees.***

On or before the Effective Date, the Debtors shall pay or have paid in Cash in full all Allowed Administrative Claims for fees payable pursuant to 28 U.S.C. §1930 and fees payable to the Bankruptcy Court, which are due and payable on or before the Effective Date. After the Effective Date, the Debtor shall pay United States Trustee quarterly fees as they accrue until the Chapter 11 Case is closed by the Bankruptcy Court. The Debtor shall file with the Bankruptcy Court and serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) that the Chapter 11 Case remains open in a format prescribed by the United States Trustee.

**2. Classification of Claims and Interests.**

The following is the designation of the Classes of Claims and Interests under the Plan. In accordance with Bankruptcy Code Section 1123(a)(1), Administrative Claims described in Article II of the Plan have not been classified and are excluded from the following Classes. 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 another Class or Classes to the extent that any remainder of the Claim or Interest qualifies within the description of such other Class or Classes.

A Claim or Interest is classified in a particular class only to the extent that the Claim or Interest has not been paid, released, or otherwise satisfied before the Effective Date. Notwithstanding anything to the contrary contained in the Plan, no distribution shall be made,

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and no rights of any kind shall be retained, on account of any Claim or Interest which is not an Allowed Claim or Allowed Interest. Claims and Interests are classified for all purposes, including voting (unless otherwise specified), confirmation, and distribution pursuant to the Plan, as follows:

| Class | Class Description | Status | Voting Rights |
|---|---|---|---|
| Class 1 | Legacy Land Bank FCLA | Impaired | Entitled to Vote |
| Class 2 | Michael Morris Loan Documents | Impaired | Entitled to Vote |
| Class 3 | Toddie Lee Wynne Sr. Grandchildren's Trust | Impaired | Entitled to Vote |
| Class 4 | CNB | Impaired | Entitled to Vote |
| Class 5 | Erin and Wreno Wynne | Impaired | Entitled to Vote |
| Class 6 | Secured DIP Facility/Exit Financing | Impaired | Entitled to Vote |
| Class 7 | Property Tax | Impaired | Entitled to Vote |
| Class 8 | Claims and Interests of the James Wynne Parties | Impaired | Entitled to Vote |
| Class 9 | Unsecured Claims | Impaired | Entitled to Vote |
| Class 10 | Unsecured Convenience Claims | Unimpaired | Not Entitled to Vote |
| Class 11 | Equity Interests in ALOC LP - ALOC LLC, WW GST Exempt Trust (LT) , Wynne Test. Trust (WBW Estate) | Impaired | Entitled to Vote |
| Class 12 | Equity Interests in Ranchland – Celadon Development, LLC, ALOC LP, and WW GST Exempt Trust (c. 2000). (LT) , the WBW Estate f/b/o the Wynne Test. Trust | Impaired | Entitled to Vote |
| Class 13 | Claims and Interests of the WBW Estate f/b/o the Spence Testamentary. Trust | Impaired | Entitled to Vote |

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**G. TREATMENT OF CLAIMS AND EQUITY INTERESTS.**

The treatment of and consideration to be received by Holders of Allowed Claims and Interests under Article VI of the Plan shall be in full and complete satisfaction, settlement, release and discharge of such Claims and Interests. The obligations of the Debtor in respect of such Claims and Interests shall be satisfied by and in accordance with the terms of the Plan.

**1. Overview of Treatment of Claims**.

*Unimpaired Claims*

Claims in Class 10 are not Impaired under the Plan and the holders of those claims are conclusively presumed to have accepted the Plan under Section 1126(f) of the Bankruptcy Code.

*Impaired Claims and Interests*

Claims and Interests in Classes 1-9 and 11-13 are Impaired under the Plan. The holders of Claims and Interests in Classes 1-9 and 11-13 are entitled to vote to accept or reject the Plan. To the extent there is a dispute as to whether Claims in any Classes are in fact impaired, such dispute will be determined by the Court after all votes have been received. Equity Interest holders are parties who hold Equity Interest as defined above. Except as expressly provided by the Chapter 11 Plan, the Equity Interests will be discharged, released, and extinguished in full. Equity Interests are impaired by the Plan.

**2. Treatment of Specific Classes of Claims**

**CLASS 1 – Claims of Legacy Land Bank, FLCA**

Class 1 Claims consist of the Allowed Claims of Legacy Land Bank FLCA, including its predecessors in interest, successors, and/or assigns ("Legacy" or "Legacy Bank") in the Debtors' bankruptcy cases, including those under the Legacy Loan Documents. The term "Legacy Loan Documents" means all documents executed in connection with the October 22, 1991 loan to American Liberty Oil Company in the original principal amount of $3,462,300.00, including but not limited to all Notes, Deeds of Trust, Guaranty Agreements, and any other agreements related to the loan, including any modifications or extensions thereof.

Impairment and Voting. The holders of Claims in Class 1 are impaired and entitled to vote to accept or reject the Plan.

Treatment. The Class 1 Claim shall be treated as a fully secured and Allowed Claim in the amount of (a) $2,498,966.43 as of the ALOC Petition Date, plus (b) interest accruing from the ALOC Petition Date to Closing at the annual rate of 3.5%, plus Legacy Bank's post-petition attorney fees, costs, and expenses allowed under §506 of the Bankruptcy Code and/or as agreed to by the Debtor. The Class 1 Claim shall be satisfied at Closing, provided that prior to Closing Legacy Bank has provided an indemnification or other reasonable assurance to the Debtors concerning Legacy Bank's status as the owner and holder of the Note and the beneficiary of the



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other Legacy Loan Documents. Legacy Bank shall confirm at closing that all obligations of all parties under the Legacy Loan Documents have been satisfied by delivering releases of all obligations under the Legacy Loan Documents, including releases of Liens.

**CLASS 2 – Michael Morris ~~Claims~~Loan Documents**

Class 2 ~~Claims consist~~consists of all Allowed Claims ~~of Michael Morris, his predecessors in interest, successors, and/or assigns ("Michael Morris") in the Debtors' bankruptcy cases, including those~~ under the Michael Morris Loan Documents.~~.~~ The term "Michael Morris Loan Documents" means all documents executed in connection with the November 18, 1991 ~~promissory notes~~Promissory Note in the original principal ~~amounts~~amount of $2,252,853.15 in favor of Jerry Jane Morris Walling, Paying Agent and ~~$75,000.00, respectively~~Holder (as designated in the November 18, 1991 Promissory Note) for the benefit of Jerry Jane Morris Walling, Michael Wynne Morris, and Melissa Morris Johnston, including but not limited to all Notes, Deeds of Trust, Guaranty Agreements, and any other agreements related to the loan, including any modifications or extensions thereof, including but not limited to the Modification ~~to the Michael Morris Notes dated July 17, 1995.~~ dated July 17, 1995 to the aforedescribed promissory note, as well as any other Claims that are secured by that certain Second Lien Deed of Trust, dated November 18, 1991 and executed by ALOC in favor of Tim A. Forgerson, as trustee for the benefit of Jerry Jane Morris Walling, Paying Agent and Holder for herself, Michael Wynne Morris, and Melissa Morris Johnston.

As set forth in the Proof of Claim No. 10, as of the ALOC Petition Date, Michael Morris, by and through JJ Wynne Jackson, attorney-in-fact, acted as Paying Agent and Holder of the Michael Morris Loan Documents. Subsequent to the ALOC Petition Date, Michael Morris passed away and Paying Agent and Holder status of the Michael Morris Loan Documents has been transferred to JJ Wynne Jackson, as Independent Executor of the Estate of Michael Morris, pending in the Probate Court No. 1 of Dallas County, Texas, No. PR-16-00588-1.

Impairment and Voting. Class 2 is Impaired by the Plan. The holders of Claims in Class 2 are entitled to vote to accept or reject the Plan.

Treatment. ~~The~~At Closing the Reorganized Debtor shall execute a new Promissory Note and Deed of Trust in a form agreeable by the Debtor and the Paying Agent and Holder and consistent with the Plan.. In summary only and subject to the actual terms of the new Promissory Note and Deed of Trust, the Class 2 Claims shall be determined based upon a $1,122,292.11 balance as of the ALOC Petition Date. ~~The Reorganized Debtor shall be the only party liable on the Class 2 Claim.~~ All payments received by the Paying Agent and Holder or any of the beneficiaries under the Michael Morris Loan Documents after the ALOC Petition Date shall be credited to the unpaid balance. The Class 2 Claims shall accrue interest at the annual rate of ~~7~~9% from the Petition Date ~~until paid. The Reorganized Debtor shall pay interest in the amount of $3,000 per month. In the event of an uncured default, the Class 2 Claims~~to Closing. After Closing, the Class 2 Claim shall accrue interest at the ~~annual~~ rate of ~~11% during~~ 8%. The Reorganized Debtor shall be the ~~period~~ only party liable on the ~~loan is in default. The~~ Class 2 Claim ~~shall be fully satisfied on or before three (3) years after the Closing~~.



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The ~~Class 2 Claim~~new Promissory Note shall be executed in favor of JJ Wynne Jackson, as Independent Executor of the Estate of Michael Morris, pending in the Probate Court No. 1 of Dallas County, Texas, No. PR-16-00588-1, as Paying Agent and Holder, for the benefit of the Estate of Michael Morris and Brad Johnston. The Reorganized Debtor shall pay a portion of the interest in the amount of $3,000 per month directly to Brad Johnston at the address directed by the Paying Agent and Holder of the new Promissory Note. All other interest shall accrue and be added to the unpaid balance due under the new Promissory Note. The new Promissory Note shall accrue interest at the annual rate of 11% during the period the loan is in default. The new Promissory Note shall be fully satisfied by payment in cash on or before three (3) years after the Closing.

The new Promissory Note shall be secured by a Deed of Trust that grants a lien second ~~Lien~~in priority on ALOC –Tract 1 ~~plus~~, and a lien first ~~Lien~~in priority on ALOC – Tract 3. In the event the Debtor ~~purses~~pursues Financing Option 1, the Class 2 Claim shall additionally be secured by a second ~~Lien~~priority lien on ALOC – Tract 2 that shall be documented by an amendment to the new Deed of Trust.

~~The Class 2 Claimant shall release~~JJ Wynne Jackson, as Paying Agent and Holder, shall be vested with authority to assert or modify all ~~other~~ rights of all beneficiaries under the new Promissory Note and Deed of Trust, including the execution of releases of Liens ~~other than those specifically set forth herein.~~ in accordance with this Plan. In connection with any sale of the collateral securing the Class 2 Claim, the ~~Class 2 Claimant~~Paying Agent and Holder shall provide releases of Lien so long as the proposed gross sale price is 85% or more of the fair market value of the tracts to be sold and any proceeds not paid to the Class 2 Claimant are to be used to pay either closing costs or superior liens. ~~The Reorganized Debtor shall execute a new Note and Deed of Trust at Closing to incorporate the treatment set forth herein.~~ In the event of any dispute concerning the rights of the beneficiaries under the new Promissory Note and/or Deed(s) of Trust, the Reorganized Debtor shall be allowed to interplead any funds payable under the new Promissory Note and Deed of Trust with a court of competent jurisdiction.

**CLASS 3 – Toddie Lee Wynne Sr. Grandchildren's Trust**

Class 3 Claims consist of all Allowed Claims of Toddie Lee Wynne Sr. Grandchildren's Trust, including its predecessors in interest, successors, and/or assigns, in the Debtors' bankruptcy cases, including those under the Toddie Lee Wynne Sr. Grandchildren's Trust Loan Documents. The term "Toddie Lee Wynne Sr. Grandchildren's Trust Loan Documents" means all documents executed in connection with the July 17, 1995 promissory note in the original principal amount of $750,000 and security agreement, including but not limited to all Notes, Deeds of Trust, Guaranty Agreements, and any other agreements related to the loan, including any modifications or extensions thereof.

Impairment and Voting. Class 3 is Impaired by the Plan. The holders of Claims in Class 3 are entitled to vote to accept or reject the Plan.

Treatment. The Class 3 Claim is an oversecured secured claim pursuant to 11 U.S.C § 506(b). The Class 3 Claim shall be treated as a fully secured and Allowed Claim in the amount of (a) ~~$_____~~$$858,221.37 as of the ALOC Petition Date, plus (b) interest accruing

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from the ALOC Petition Date to Closing at the annual rate of 10~~%%,~~%, plus Toddie Lee Wynne Sr. Grandchildren's Trust's post-petition attorney fees, costs, and expenses allowed under §506 of the Bankruptcy Code and/or as agreed to by the JW GST Exempt Trust.

The Debtors (including the Reorganized Debtor) are released of all liability on the Class 3 Claims. The JW GST Exempt Trust shall execute a new Promissory Note at Closing payable to the Toddie Lee Wynne Grandchildren's Trust in the principal amount of the total of the then outstanding principal, interest and attorney fees owed under the original note executed on July 17, 1995, which Note amount will be calculated immediately prior to Closing, but which the Debtors and the Trustees of the Class 3 Claim estimate would be $1,069,260.00 as of June 1, 2016. The new Note will be a three year balloon Note with the principal and interest due in full three years from the date of the execution of the new Note and Deed of Trust at Closing. The unpaid balance of the note shall bear interest at a rate of 6.5% per annum for the first year, 8.5% per annum for the second year and 10% per annum for the third year. Interest will accrue but no payments will be due until the maturity date of the Note. The new Note shall be secured by a first Lien Deed of Trust executed at Closing secured by real property, which consists of the 147 acre Ranchland Crescent and an additional 625 acre tract in the southeast corner of the JWW Tract. There shall be no pre-payment penalty for early payment of the Class 3 Claim. James Wynne shall be a guarantor of the Note.

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**CLASS 4 – CNB Claims**

Class 4 Claims consist of the Allowed Claims of Citizens National Bank of Texas, including its predecessors in interest, successors, and/or assigns ("CNB") under the CNB Loan Documents. The term "CNB Loan Documents" means all documents executed in connection with the November 3, 2008 loan agreement with Ranchland Holdings, Ltd. in the principal amount of $750,000.00, including but not limited to all Notes, Deeds of Trust, Guaranty Agreements, and any other agreements related to the loan, including any modifications or extensions thereof.

Impairment and Voting. Class 4 is Impaired by the Plan and is entitled to vote on the Plan.

Treatment. In the event the Debtor closes on Financing Option 1 and obtains sufficient proceeds to satisfy the Class 4 Claim at Closing, the Class 4 Claim shall be calculated using interest from the Ranchland Petition Date to Closing at the annual rate of 7%, and post-petition attorney's fees and expenses in the amount of $15,000.00~~.~~ and paid at Closing. Prior to Closing, CNB shall provide an indemnification to the Debtors of status as holder of the CNB Loan Documents. CNB shall confirm at Closing that all obligations of all parties under the CNB Documents have been satisfied by delivering releases of all obligations under the CNB Documents, including releases of Liens.

In the event the Debtor pursues Financing Option 2, the Reorganized Debtor shall be the only party liable on the Class 4 Claim. The Class 4 Claims shall accrue interest at the annual rate of 7% from the Ranchland Petition Date until paid. The Reorganized Debtor shall pay monthly. In the event of an uncured default, the Class 4 Claims shall accrue interest at the annual rate of 11% during the period the loan is in default. The Class 4 Claim shall be fully satisfied on or before three (3) years after the Effective Date. The Class 4 Claim shall be secured by a first Lien

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on Ranchland – Northstar, Ranchland - Five Points, and ALOC - Tract 4. The Class 4 Claimant shall release all other Liens other than those specifically set forth herein. In connection with any sale of the collateral securing the Class 4 Claim, the Class 4 Claimant shall provide releases of Lien so long as the proposed gross sale price is 85% or more of the fair market value of the tracts to be sold and any proceeds not paid to the Class 4 Claimant are to be used to pay either closing costs or superior Liens.

In the event of an uncured default, CNB shall be entitled to foreclose on Ranchland - Five Points (the "Initial Foreclosure"). In the event CNB believes a deficiency claim exists following the Initial Foreclosure, CNB may thereafter pursue collection *in rem* from other collateral, but in such event the obligor shall have the right to contest the deficiency claim in the bankruptcy court by either motion or adversary proceeding, and such determination shall be governed by the standards set forth in § 51.003 – 51.005 of the Texas Property Code as of 1/21/2016, including the specific standards governing determination of fair market value. CNB is required to exhaust all remedies against collateral prior to pursuing collection generally against any liable party i*n personam.* In such event, CNB shall file a lawsuit in a court of competent jurisdiction and the liable parties shall have the right to contest the deficiency claim using the standards set forth in § 51.003 – 51.005 of the Texas Property Code as of 1/21/2016.

The Reorganized Debtor shall execute a new Note and Deed of Trust at Closing in favor of CNB that incorporates the treatment set forth herein.

**CLASS 5 – Erin and Wreno Wynne Claims**

Class 5 claims consist of the Allowed Claims of (a) Erin Wynne under the promissory notes dated May 4, 2015, in the original principal amount of $89,000, and May 5, 2015, in the original principal amount of $40,000, with total current amount due of $126,000 (collectively, the Erin Wynne Notes"), and the related security agreements (together the Erin Wynne Notes and related security agreements constituting the "Erin Wynne Loan Documents"); and (b) Wreno S. Wynne under the promissory notes dated May 4, 2015, in the original principal amount of $104,000, and May 5, 2015, in the original principal amount of $40,000, with total current amount due of $141,500 (collectively, the Wes Wynne Notes"), and the related security agreements (together the Wes Wynne Notes and related security agreements constituting the "Wes Wynne Loan Documents") with all such loans being secured by personal property of the Debtor valued in the amount of approximately $968,643.00 as identified in the Debtor's Schedules.

Impairment and Voting. Class 5 is Impaired by the Plan and is entitled to vote on the Plan.

Treatment. Class 5 claims will be combined with Class 6 claims and, either at Closing or within 30 days of the Closing, new loan documents will be executed by the Reorganized Debtor to restructure the Erin Wynne Loan Documents, Wes Wynne Loan Documents, and the loan documents described in Section 5.06 below into a combined, 3 year term, balloon note with Vandera Operating Company ("Combined Class 5 and Class 6 Restructured Note and Security Agreement"), with the availability of additional future advances as described below, and the full unpaid balance coming due within 5 years with interest to be accrued but not paid at the rate of



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8%. The Combined Class 5 and Class 6 Restructured Note and Security Agreement shall retain the pre-petition Lien of the Class 5 Claimants against the personal property of the Reorganized Debtor to the same extent, validity and priority as existed prior to, or on the Effective Date. In addition, under the Combined Class 5 and Class 6 Restructured Note and Security Agreement, repayment shall also be secured by a subordinate Lien against the real property owned by the Reorganized Debtor.

**CLASS 6 – Secured DIP Facility/Exit Financing Claim**

Class 6 claims consist of the (a) preconfirmation claims of Vandera Operating Company for revolving post-petition advances on a secured basis loaned to the Debtor in accordance with the Court's Secured DIP Order(s) and (b) post-confirmation claims for additional credit advances by Vandera Operating Company as described herein.

Preconfirmation Claims of Vandera Operating Company: Under the Secured DIP Order, Vandera Operating Company has been authorized to advance up to $100,000 to the Debtor for post-petition operating expenses and expenses relating to the bankruptcy case.

Post-confirmation Claims of Vandera Operating Company: Vandera shall be authorized to make additional credit advances to the Reorganized Debtor post-confirmation and to assess all other advances made pre-confirmation on the Debtors' behalf to the amounts due Vandera by the Reorganized Debtor.

Impairment and Voting. Class 6 is impaired. Holders of Class 6 Claims are entitled to vote to accept or reject the Plan.

Treatment. Class 6 claims will be combined with Class 5 claims and, either at Closing or within 30 days of the Closing, new loan documents will be executed by the Reorganized Debtor to restructure the Erin Wynne Loan Documents, Wes Wynne Loan Documents, and the DIP Loan Documents into a 5 year term, balloon note, with interest accruing on the unpaid balance at 8%, with the availability of additional future advances. The Combined Class 5 and Class 6 Restructured Note and Security Agreement shall be secured by the a Lien against the personal property of the Reorganized Debtor to the same extent, validity and priority as existed prior to, or on the Effective Date in favor of the Class 5 Claimants, as well as a Lien against the real property owned by the Reorganized Debtor subordinate to the other Liens granted by this Chapter 11 Plan.

**CLASS 7 - Property Tax Claims**

Class 7 consists of all Property Tax Claims against the Debtors.

Impairment and Voting. Class 7 is impaired. Holders of Class 7 claims are entitled to vote to accept or reject the Plan.

Treatment. Allowed Property Tax Claims for tax years 2015 or before shall be paid at Closing by the Debtors and the James Wynne Parties based upon the division of real property herein. Allowed Property Tax Claims for tax year 2016 shall be divided based upon the



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division of real property herein, shall be secured by a Lien on the respective tracts, and shall be paid when due under state law. If necessary, the James Wynne Parties and the Reorganized Debtor will apply for new account numbers in order to reflect the proper division and apportionment of property taxes between the various tracts.

**CLASS 8 – Claims and Interests of the James Wynne Parties**

Class 8 consists of all Claims and Interests by the James Wynne Parties against, in, or to ALOC, the LLC, Ranchland, and/or Celadon, including but not limited to, all Claims and Interests asserted under the Prepetition Formation Documents and any and all Claims asserted in the Kaufman County Litigation, the Removed Action, as well as all Claims that could have been asserted in the Kaufman County Litigation or the Removed Action and all other such Claims or Interests of any kind known or unknown.

Impairment and Voting. Class 8 is impaired by the Plan and are entitled to vote to accept or reject the Plan.

Treatment. For purpose of this Class 8, each "Party" and the collective "Parties" means the ALOC Parties, the Erin and Wes Wynne Parties, and the James Wynne Parties. The ALOC Parties consist of American Liberty Oil Company, LP ("ALOC LP") and American Liberty Oil Company, LLC ("ALOC LLC"). The Erin and Wes Wynne Parties consist of Erin Anne Wynne ("Erin Wynne"), Wreno S. Wynne Jr. ("Wes Wynne"), WW GST Exempt Trust (LT), the WW GST Exempt Trust (c. 2000), the Estate of Wreno S. Wynne, Sr., the Estate of William Benjamin Wynne, Joshua D. Terry, Cheryl Wynne, and the Wynne Testamentary Trust (WBW Estate). The James Wynne Parties consist of the JW GST Exempt Trust ("JW Trust"), James Y. Wynne ("James Wynne"), Toddie Lee Wynne, IV, and Fallon Frances Wynne Way.

The James Wynne Parties shall receive the following:

a. From ALOC LP - approximately nineteen hundred fifty (1,950) acres of the SW portion of Star Brand Ranch owned by American Liberty Oil Company LP, as outlined in Exhibit ~~B~~A to the Plan. For purposes of the survey, the boundaries shall generally conform to the following: along the SW and SE property lines of Star Brand Ranch, FM 1390, HWY 34, including all Star Brand Ranch property east of HWY 34, and a Northeast boundary extending from FM 1390 to HWY 34, starting from a point approximately 0.3 miles southwest of the West Gate, then southeast across the pastures west of the north-south ranch road, then continuing down the north-south ranch road for 650 feet, then continuing diagonally southeast to the corner fence post of the small tank and then south for approximately 130 yards then continuing southeast across the pasture to the far fence line, then northeast along such fence line to its junction with four other fences, then following the southernmost fence first south and then southeast, and finally terminating at HWY 34. This boundary is represented by the red boundary line show on Exhibit ~~B~~A to the Plan. The James Wynne Parties shall execute at the time of such transfer a restrictive covenant

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on the northernmost acreage of the transferred real property, as marked by blue lines on Exhibit ~~B~~A to the Plan, extending in approximately one hundred fifty (150) yards from this northeast property boundary. Such restrictive covenant shall bar the construction of any structure of any kind and shall continue until the earliest of either (a) twenty (20) years, (b) cessation of conference center operations for a period of six (6) continuous months, or (c) the sale of the immediately adjoining land owned by the ALOC Parties.;

b. From Ranchland – one hundred forty-seven (147) acres of real property known as the Crescent to the JW Trust; and

c. From ALOC LP – such fine arts and other tangible personal property as listed in Exhibit ~~C~~B to the Plan. Upon transfer, the Erin and Wes Wynne Parties shall release any and all claims of security held against the property listed in Exhibit ~~C~~B to the Plan;

d. The transferors of the real property to be conveyed agree to execute special warranty deeds and other documents to transfer such property in fee simple, including mineral rights.

The Parties shall participate in a "draft" of the fine arts and other tangible personal property as listed in Exhibit ~~D~~C to the Plan. The "draft" shall be conducted in the following manner:

a. ALOC LP shall be represented by Erin Wynne, and the James Wynne Parties shall be represented by Fallon Frances Wynne Way. No other Parties or representatives shall be present.

b. On an agreed date and time no later than 30 days after the Closing, Erin Wynne and Fallon Frances Wynne Way shall meet at Star Brand Ranch Executive Retreat.

c. All items listed in Exhibit ~~D~~C to the Plan shall be collected by ALOC LP in a conference room at Star Brand Ranch Executive Retreat. Prior to beginning the "draft" Erin Wynne and Fallon Frances Wynne Way shall inventory all the items collected to confirm compliance with this section.

d. Fallon Frances Wynne Way shall flip a quarter. If the quarter lands heads up, the James Wynne Parties shall pick first. If the quarter lands tails up, ALOC LP shall pick first. The two parties shall then continue to pick items in alternating turns (1 for 1) until all items have been chosen.

e. All items shall be chosen in units as listed in this Exhibit ~~D~~C to the Plan, except with respect to the Family Photo Albums, which shall be chosen by Album. For example, the first item on Exhibit ~~D~~C to the Plan, listed as "152 – Pair of engravings…" shall be chosen as a pair and not singularly.

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f. When an item is chosen by the James Wynne Parties, it shall be marked with a sticker provided by the James Wynne Parties.

g. After all items have been chosen, Fallon Frances Wynne Way shall write out a list of the items "drafted" by the James Wynne Parties. Both Erin Wynne and Fallon Frances Wynne Way shall sign this list. ALOC LP shall retain the original of the list but shall provide the James Wynne Parties a copy at the time of the signing.

h. The parties shall prepare a list of items "drafted" by the James Wynne Parties. Upon transfer, the Erin and Wes Wynne Parties shall release any and all security claims held against the property drafted by the James Wynne Parties in accordance with this section.

The James Wynne Parties shall remove all fine arts and other tangible property transferred to it herein. Such removal shall occur on a date agreed to at least seven (7) days in advance by ALOC LP and such removal shall be supervised and directed by ALOC LP. Should any dispute arise during the removal or the draft of specific property agreed to transfer to the James Wynne Parties, the Parties shall use good faith attempts to resolve such disputes, and if the parties cannot resolve their dispute, such disputed property shall be segregated and left in the possession of the ALOC Parties until such dispute is resolved, and if necessary the draft suspended. If the Parties are unable to resolve their dispute within 10 days thereafter, the dispute will be resolved by the Bankruptcy Court.

The Parties agree that all other property of ALOC LP, ALOC LLC, Celadon, and Ranchland not explicitly directed herein to be transferred to the James Wynne Parties shall remain with the ALOC Parties for the economic benefit and under the control of the Erin and Wes Wynne Parties, to be addressed as they see fit. Any and all other liabilities of ALOC LP or Ranchland (or as to the Spence Testamentary Trust (WBW Estate), interests) not explicitly directed herein to be assumed by the James Wynne Parties will be assumed by ALOC LP and Ranchland, respectively, such as the debts of Citizens National Bank of Texas, Legacy Land Bank, the Michael Morris Trust, and the interest of the Spence Testamentary Trust (WBW Estate)). All property found on the premises of Star Brand Ranch or other real property owned by ALOC LP or Ranchland after the draft is exclusively reserved as the property of ALOC LP or Ranchland, respectively.

The James Wynne Parties Release American Liberty Oil Company LP; American Liberty Oil Company LLC; Star Brand Ranch Cattle Company LTD; Star Brand Ranch Cattle Company LLC; Ranchland Holdings LTD; Celadon Development LLC; Celadon Development LTD; Vandera Operating Company LLC; the Estate of William Benjamin Wynne; the Estate of Wreno S. Wynne, Sr.; Ben's SP LLC; the WW GST Exempt Trust (LT); the WW GST Exempt Trust (c. 2000); the Wynne Testamentary Trust established in the Estate of William Benjamin Wynne; the Spence Testamentary Trust established in the Estate of William Benjamin Wynne; Erin Wynne, individually and in all her capacities, including without limitation as a Member of American Liberty Oil Company LLC, as trustee of the WW GST Exempt Trust (LT), and as executrix of the Estate of Wreno S. Wynne, Sr.; Wreno S. Wynne, individually and in all his capacities, including without limitation as a Member and Managing Partner of American Liberty Oil Company LLC and as trustee of the WW GST Exempt Trust (c. 2000); Joshua D. Terry, individually and in all his capacities, including without limitation as General Counsel for American Liberty Oil Company

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LLC and American Liberty Oil Company LP; William Bywaters as Executor of the Estate of William Benjamin Wynne; Cheryl Wynne, individually and in all her capacities, including without limitation as trustee of the Wynne Testamentary Trust established in the Estate of William Benjamin Wynne and as former trustee of the WW GST Exempt Trust (c. 2000); and Tancy Spence in her capacity as trustee of the Spence Testamentary Trust established in the Estate of William Benjamin Wynne. For the avoidance of any doubt, such Release includes all claims against and interests in such parties as the terms "claim" and "interest" is used in the Bankruptcy Code. The James Wynne Parties agree to convey all purported claims to and interests in ALOC LP, ALOC LLC, Ranchland, and Celadon to any individual or entity designated by the Erin and Wes Wynne Parties.

The ALOC Parties, Vandera Operating Company LLC, Celadon, Ranchland, and the Erin and Wes Wynne Parties Release the JW GST Exempt Trust; James Y. Wynne, individually and in all his capacities, including without limitation as trustee of the JW GST Exempt Trust; Toddie Lee Wynne IV, individually and in all his capacities, including without limitation as trustee of the JW GST Exempt Trust and d/b/a as Star Brand Landscaping; and Fallon Frances Wynne Way, individually and in all her capacities, including without limitation as trustee of the JW GST Exempt Trust. For the avoidance of any doubt, such Release includes all claims against and interests in such parties as the terms "claim" and "interest" is used in the Bankruptcy Code.

The James Wynne Parties shall assume all liabilities of the ALOC Parties and/or Ranchland to the Toddie Lee Wynne Grandchildren's' Trust.

The Parties mutually agree to (a) not interfere with the economic or recreational use of the other Parties' property; (b) not interfere with the quiet enjoyment of the other Parties' property; (c) not interfere or attempt to interfere with the business conduct or business relationships of the other Parties; and (d) not enter the property of the other Parties without written consent of that Party's general partner or such other legal representative as has authority to grant permission. The Parties agree that no easements are created by this Chapter 11 Plan. The James Wynne Parties also agree they shall not: (a) represent themselves out as affiliates or representatives of American Liberty Oil Company LP, American Liberty Oil Company LLC, American Liberty Oil Company Inc., Star Brand Cattle Company LTD, Star Brand Cattle Company LLC, Star Brand Ranch Executive Retreat, Ranchland Holdings LTD, Celadon Development LLC, Celadon Development LTD, or any of the foregoing's heirs, successors, or assigns; (b) represent any past affiliation with American Liberty Oil Company LP, American Liberty Oil Company LLC, American Liberty Oil Company Inc., Star Brand Cattle Company LTD, Star Brand Cattle Company LLC, Star Brand Ranch Executive Retreat, Ranchland Holdings LTD, Celadon Development LLC, or Celadon Development LTD after January 13th, 2011; (c) create any legal entities, conduct any business, or represent themselves or the property transferred herein using the name, logos, reputation, intellectual property, or trademarks of American Liberty Oil Company Inc., American Liberty Oil Company LP, American Liberty Oil Company LLC, Star Brand Cattle Company LTD, Star Brand Cattle Company LLC, Star Brand Ranch Executive Retreat, Ranchland Holdings LTD, Celadon Development LLC, Celadon Development LTD, or any of the foregoing's heirs, successors, or assigns, including but not limited to the specific phrases "American Liberty" and "Star Brand; (d) represent any land they receive under this Agreement is currently "Star Brand Ranch" or part of "Star Brand Ranch".

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All litigation between the Parties, including all counterclaims and cross-claims, shall be dismissed with prejudice, including the appeal from the Kaufman County judgment pending before the Dallas Court of Appeals (Cause No. 05-14-00565-CV (Tex. App.-Dallas)), the probate intervention in Henderson County removed to bankruptcy court (Adv. No. 15-03109-sgj) and the ALOC Parties' lawsuit against Todd Wynne in the 86th District Court in Kaufman County (Cause No. 87247-86). Each of the Parties shall be responsible for their own costs and attorney fees.

Except for attorney fees, all costs and expenses required to confirm and implement this Chapter 11 Plan, such as survey costs, appraisals, US Trustee fees, and expert witnesses, shall be paid 50/50 between the James Wynne Parties, on one hand, and the Erin and Wes Wynne Parties, on the other hand, prior to the transfer of any property pursuant to this Chapter 11 Plan. Notwithstanding anything else herein, ALOC LP shall retain possession of the items listed as "94 – Executive Desk", "107 – Inkwell Set", and "144 – Andrew Jackson letter" on Exhibit ~~C~~B until such time as the James Wynne Parties have paid in full fifty percent (50%) of non-attorney fees required to effectuate their agreement and confirm the implement this Chapter 11 Plan.

The Parties agree to prorate any unpaid 2015 and 2016 property taxes between them based upon the division of property herein.

Each of the Parties agrees to sign any motions, notices, pleadings, and other documents necessary to effectuate the intent and purpose of this agreement.

Each of the Parties expressly disclaims any and all reliance on or related to the other Parties, their attorneys, agents, representatives, or any other person acting or purporting to act for or on behalf of any of the Parties with respect to the terms of this Chapter 11 Plan and/or each of the Party's entry into their prior Amended Mediation Agreement.

In addition to any specific references in this Class 8 and for the avoidance of any doubt, all references to an entity or individual includes their past, present and future officers, directors, heirs, agents, servants, employees, legal representatives, attorneys, assigns, successors, affiliates, shareholders, beneficiaries, predecessors, insurers, administrators, and successors in interest; parent, holding, subsidiary, affiliated, and related entities; any business entity or division owning or controlling such party, any business entity or division owned or controlled in whole or in part by such party, and any includes all capacities (individually or in a representative capacity such as trustee, executor, or executrix).

The James Wynne Parties shall not hold any Claims against or Interests in the Reorganized Debtor. The above treatment to James Wynne Parties shall be in full and final satisfaction of all any and all Claims, Interests, causes of action, or other rights of the James Wynne Parties, to or against the Debtors or their Bankruptcy Estates and in return for full extinguishment, discharge, and preclusion of any further enforcement of any such Claims or Interests. In addition, the James Wynne Parties shall have no rights in the ALOC, LLC, Ranchland, or Celadon, other than the treatment specifically set forth herein.

The Parties agree that all property transferred herein, both real and personal, shall be accepted in whatever condition it is found, and the James Wynne Parties shall have no claim

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regarding the condition, storage, maintenance, or handling of such property against ALOC LP, ALOC LLC, or the Erin and Wes Wynne Parties. The Parties also agree that the James Wynne Parties shall bear all risk of loss for and shall hold the ALOC Parties and the Erin and Wes Wynne Parties harmless for any and all damage or loss occurred during removal of the property transferred herein. Should the James Wynne Parties have any requests related to the removal of specific property, such requests shall be delivered to the ALOC Parties in writing through counsel at least seven (7) days in advance of the date of removal. Neither the ALOC Parties nor the Erin and Wes Wynne Parties make any representations or guarantees as to any property's character, authenticity, marketability, or fitness, whether generally or specifically. However, the ALOC Parties shall provide such existing certificates of authenticity obtained from third parties for artifacts, antiques, and art that are currently in the ALOC Parties' possession.

The Parties assume all responsibility for tax (federal, state, local) implications of the Chapter 11 Plan and all future taxes associated with their respective property, including but not limited to obtaining/maintaining property tax exemptions and any roll-back property tax liability.

**CLASS 9 – Unsecured Claims**

Class 9 consists of all Allowed, General Unsecured Claims against the Debtors that are in excess of $10,000. The bankruptcy estates have approximately $55,000 of unsecured claims including the unsecured claims on the Debtors' schedules and those filed with the Court on the claims register. The unsecured claims that are greater than $10,000 include a claim of BKM Horan in the amount of $16,044.50, and a claim of Skibell Bohach & Archer in the amount of $26,027.00. All of the remaining unsecured claims against the Debtors are for amounts less than $10,000.

Impairment and Voting. Class 9 Claims are impaired and entitled to vote.

Treatment. With respect to all Class 9 claims, unless a longer term or lesser amount is agreed to by the Claimant, the Debtors shall pay the Allowed amount of each Class 9 Claims divided into equal monthly installments on the 1st of the month over a 5 year period beginning on the later of: (a) ~~the Effective Date~~Closing; or (b) the first month following the Allowance of such Claim. The treatment provided to Class 9 Claims shall be in full satisfaction and extinguishment of such Allowed Claims.

**CLASS 10 – Unsecured Convenience Claims**

Class 10 consists of all Allowed, General Unsecured Claims against the Debtors that are less than $10,000. The bankruptcy estates have approximately $55,000 of unsecured claims including the unsecured claims on the Debtor's schedules and those filed with the Court on the claims register. The unsecured claims that are greater than $10,000 include a claim of BKM Horan in the amount of $16,044.50, and a claim of Skibell Bohach & Archer in the amount of $26,027.00. All of the remaining unsecured claims against the Debtor are for amounts less than $10,000.

Impairment and Voting. Class 10 Claims are unimpaired and not entitled to vote.

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Treatment. All Class 10 Claims will be paid in full on the later of: (a) the Effective Date; or (b) the first day of the first month following the Allowance of such Claim.

**CLASS 11 – Equity Interests in ALOC LP - ALOC LLC, WW GST Exempt Trust (LT) , WBW Estate f/b/o Wynne Testamentary Trust**

Impairment and Voting. Class 11 consists of the Interests in ALOC LP, other than those asserted by the James Wynne Parties and the WBW Estate for the benefit of the Spence Testamentary Trust. Class 11 therefore includes all Interests held by ALOC LLC, WW GST Exempt Trust (LT), and the WBW Estate for the benefit of the Wynne Testamentary Trust.

Impairment and Voting. Class 11 Interests are impaired and entitled to vote.

Treatment. ~~All~~Effective as of the Closing, all existing Interests in ALOC LP shall be extinguished other than those expressly granted in this Chapter 11 Plan. The equity Interests in the Reorganized Debtor shall be owned .15% by ALOC LLC as general partner and 99.85% by the WW GST Exempt Trust (LT) and the WBW Estate for the benefit of the Wynne Testamentary Trust (49.925% each) as limited partners.

**CLASS 12 – Equity Interests in Ranchland - CELADON DEVELOPMENT, LLC, ALOC LP, and WW GST Exempt Trust (c. 2000).**

Impairment and Voting. Class 12 consists of all Interests in Ranchland other than the interest asserted by the WBW Estate for the benefit of the Spence Testamentary Trust. Class 12 includes all Interests held by Celadon Development, LLC, ALOC LP, and WW GST Exempt Trust (c. 2000).

Impairment and Voting. Class 12 Interests are impaired and entitled to vote.

Treatment. All existing Interests in Ranchland shall be extinguished and dissolved. The equity Interests in the Reorganized Debtor shall be owned .15% by ALOC LCC as general partner and 99.85% by the WW GST Exempt Trust (LT) and the WBW Estate for the benefit of the Wynne Testamentary Trust (49.925% each) as limited partners.

**CLASS 13 – Claims and Interests of Spence Test. Trust (WBW Estate)**

Impairment and Voting. Class 13 consists of all Claims and Interests against either of the Debtors held by the WBW Estate for the benefit of the Spence Testamentary Trust and/or held by the Spence Testamentary Trust..

Impairment and Voting. Class 13 Claims and Interests are impaired and entitled to vote.

Treatment. All existing Interests in ALOC LP shall be extinguished other than those expressly granted in this Chapter 11 Plan. All existing Interests in Ranchland shall be extinguished and dissolved. The equity Interests in the Reorganized Debtor shall be owned .15% by ALOC LCC as general partner and 99.85% by the WW GST Exempt Trust (LT) and Wynne Test. Trust (WBW Estate) (49.925% each) as limited partners.

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In full satisfaction and discharge of the Allowed Class 13 Claims and Interests, the Class 13 Claims and Interests shall ~~receive an Allowed Claim~~be purchased by the Reorganized Debtor at Closing in return for ~~$_____ or~~a Note in the principal amount of **$250,693.48 (or if disputed such** other amount deemed fair and equitable by the bankruptcy court) (the "Spence Testamentary Trust Debt"). The ~~Spence Testamentary Trust Debt~~Note shall accrue interest at ~~_%~~6% annually, and be ~~amortized over 5~~satisfied by payment in cash within 3 years ~~and paid monthly beginning on the first day of the month after satisfaction~~ of ~~all other debt secured by Ranchland – Northstar and Ranchland – Five Points.~~Closing

If the Debtor pursues Financing Option 1, the ~~Spence Testamentary Trust Debt~~Note shall be secured by a second Lien on Ranchland – ~~Northstar~~Five Points and a first Lien on Ranchland - ~~Five Points~~Northstar. If the Debtor pursues Financing Option 2, the ~~Spence Testamentary Trust Debt~~Note shall be secured by a second Lien on Ranchland – Northstar, Ranchland - Five Points, and ALOC – Tract 4.

The Reorganized Debtor shall execute a Note and Deed in Trust reflecting at Closing reflecting the terms of ~~the Spence Testamentary Trust Debt.~~this Article 5.13 .

## H. PROVISIONS GOVERNING DISTRIBUTIONS.

### 1. Bar Date.

The Bar Date is the date designated as the last date for filing proofs of Claim, or proofs of Interest, as applicable, against the Debtor.

Except as otherwise agreed, any and all proofs of Claim or proofs of Interest filed after the applicable Bar Date (or any Claims for rejection damages, any Claims or Interests filed after the applicable deadline) 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 or Interests shall not receive any distributions on account of such Claims or Interests, unless on or before the date of the Confirmation Hearing, such late Claim or Interest has been deemed timely filed by a Bankruptcy Court Order.

On or after the Effective Date, a proof of Claim or Interest may not be filed or amended without prior Order of the Bankruptcy Court. Any such new or amended Claim or Interest filed without complying with the preceding sentence shall be deemed disallowed and expunged without any further action.

### 2. Allowed Claims.

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim or Interest, but only as to the disputed portion, unless and until such Claim becomes an Allowed Claim or Allowed Interest. Payments or distributions will be made on the respective Initial Distribution Date or subsequent Distribution Dates with respect to any undisputed portion of such Claim or Interest.

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If, on or after the Initial Distribution Date, any Disputed General Unsecured Claim becomes an Allowed Claim, the Debtor, shall on the next Distribution Date distribute from the Disputed Claims Reserve to the holder of such Allowed General Unsecured Claim the amount of Cash from the Cash Distribution Amount that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Initial Distribution Date.

If, on or after the Initial Distribution Date, any Disputed Claim which is not a General Unsecured Claim becomes an Allowed Claim, the Reorganized Debtor shall pay any outstanding Allowed amount of the Allowed Claim on the date such Claim becomes an Allowed Claim or as soon as reasonably practicable thereafter.

**3. Post-Petition Interest.**

In accordance with Section 502(b)(2) of the Bankruptcy Code, the amount of all Allowed Claims against the ~~Debtors~~Debtor shall be calculated as of the applicable Petition Date. Except as otherwise explicitly provided herein or in a final Order of the Bankruptcy Court, no holder of an Allowed Claim shall be entitled to or receive post-petition interest with respect to any portion of an Allowed Claim. Any requests for interests or fees pursuant to Section 506(b) must be filed within 20 days of the entry of the Confirmation Order, or such Claim is forever discharged. The Reorganized Debtor may resolve any requested interest or fees pursuant to Section 506(b) and pay such agreed amounts at Closing. The Reorganized Debtor will request the Bankruptcy Court to resolve any such disputed amounts on an expedited basis to the extent reasonably required to resolve such dispute prior to Closing.

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**4. Alternative Treatment.**

Notwithstanding any provision herein to the contrary, any holder of an Allowed Claim may receive, instead of the Distribution or treatment to which it is entitled hereunder, any other Distribution or treatment to which it and, prior to or after the Effective Date, the Debtor, may agree in writing, so long as such alternative treatment is substantially the same as or less favorable than the treatment otherwise prescribed for such holder by the Plan

## I. CONDITIONS PRECEDENT TO THE PLAN'S CONFIRMATION AND THE EFFECTIVE DATE.

**Operations.**

The Reorganized Debtor shall be organized and managed by the LLC and Erin Wynne and Wes Wynne.

**Financing, Substantive Consolidation and Closing.**

ALOC is evaluating two financing options:

**Financing Option 1**

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***The interest rate, required collateral, and specifics on permitted uses of loan proceeds depend on the loan to value ratio using an updated appraisal. The terms above will require the loan to include and maintain at least a 33% LTV ratio, which as set forth above would require collateral value of at least $18M, exclusive of any improvements not covered by hazard insurance. The Borrower may add hazard coverage on improvements in order to include value in LTV ratio or alternatively Borrower shall also pledge to Lenders, as necessary, ALOC - Tract ~~4, ALOC – Michael Morris, and~~4and Ranchland – ~~Five Points~~Northstar.

1. Total loan commitment: $5.50MM.

2. Advanced at closing (estimates): amounts sufficient to satisfy Legacy ($2.70M), CNB ($680k), outstanding property taxes ($50k), actual out of pocket closing costs (survey, third party costs) ($50k), bankruptcy attorney fees ($200k), bank closing costs ($50k) (including document preparation and title policy, 3% loan charge ($165k). Estimated initial advancement: $3.9M.

3. Interest rate: 8.5%. ***see above

4. Additional secured line of credit for difference in total loan commitment and amounts advanced at closing. The additional credit can be borrowed for any purpose so long as sufficient funds remain to pay estimated interest on the loan and property taxes.

5. Interest paid monthly.

6. Term: 3 years.

7. Amortization: Balloon.

8. Liens: ALOC –Tract 1, ALOC - Tract 2, Ranchland ~~– Northstar.~~– Five Points. Tracts to be separately surveyed and separately set forth in Deed of Trust. ALOC Tract 4 and Ranchland – ~~Five Points~~Northstar are not pledged as part of this agreement except as may be required if ALOC does not obtain insurance coverage on improvements as referenced in prior paragraph entitled " Loan Terms".

9. Interest is only charged on funds as advanced.

10. No prepayment penalty.

11. No personal guaranty required.

12. Partial release: So long as sales price is 85% or more of the FMV. ***see above

13. Use of sales proceeds: borrower can use an aggregate sum of the first $1.5MM of net sale proceeds (received from one or more real estate sales) for other uses, including to satisfy Michael Morris ~$1MM Note. " Net Sale Proceeds" shall mean the gross sale proceeds less customary costs of sale, customary closing costs and real estate commission. ***see above

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14. Events of Default: limited to payment default, timely paying property taxes, unauthorized conveyance, unauthorized superior liens (other than property tax lien created on Jan 1 of each year by operation of law).

15. Borrower will maintain general liability insurance. No further insurance is required under loan except as may be required under the previous Loan Terms paragraph and paragraph 8 above. ***see above

16. Prior to loan closing, Ranchland property will be transferred to ALOC pursuant to bankruptcy plan. ALOC will be the entity that executes the loan documents at closing of the loan.

17. The terms of this Letter of Intent are subject to modification as may be required to comply with requirements as may be requested by Lender's bank.

**Financing Option 2**

Primary Loan on ALOC –Tract 1

***The required collateral and insurance requirements depend on the loan to value ratio using an updated appraisal. The terms above will require the loan to include and maintain at least a 33% LTV ratio, which as set forth above would require collateral value of at least $7.5M, exclusive of any improvements not covered by hazard insurance. The Borrower shall add hazard coverage on improvements, including the conference center, guest rooms, and the "big house".
Total loan commitment: $2.50MM.

1. Interest rate: 6.0% plus 1 point loan origination fee.
2. Interest paid monthly.
3. Term: 3 years.
4. Amortization: Balloon.
5. Liens: ALOC –Tract 1.
6. No prepayment penalty.
7. Personal guarantors: Erin and Wes Wynne.
8. Partial release: So long as sales price is 85% or more of FMV.
9. Events of Default: limited to payment default, timely paying property taxes, unauthorized conveyance, unauthorized superior liens (other than property tax lien created on Jan 1 of each year by operation of law).

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10. Borrower will maintain general liability insurance and hazard insurance required in *** above.

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Secondary Loan on ALOC – Tract 2

ALOC – Tract 2 is otherwise unencumbered under this Plan and the Financing Option 2. The Debtor is authorized to ~~borrower~~borrow against this tract on any terms it deems appropriate.

The Debtor is authorized to obtain the financing described above as Financing Option One or Two, including granting liens on its property. The Debtor is authorized to obtain any other financing terms and grant liens related to the financing, provided that the terms do not materially alter the specific treatment of parties set forth in the Plan or any such materially affected party consents to the different terms.

**Substantive Consolidation**

The assets of Ranchland shall be substantively consolidated with those of ALOC. To evidence this consolidation, Ranchland shall execute Deeds Without Warranty to ALOC at Closing (defined herein). Either Ranchland or ALOC may execute the other conveyances or security interests contemplated by this Plan. The term "Reorganized Debtor" refers to the consolidated ALOC entity following Closing.

The equity Interests in the Reorganized Debtor shall be owned .15% by ALOC LCC as general partner and 99.85% by the WW GST Exempt Trust (LT) and Wynne Test. Trust (WBW Estate) (49.925% each) as limited partners. The James Wynne Parties shall not own and Claims against or Interests in the Reorganized Debtors.

**Closing**

ALOC and the James Wynne Parties will use their best efforts to obtain surveys within 30 days of the Effective Date of the Chapter 11 Plan. Within 30 days of the receipt of surveys, the parties shall arrange for a closing and exchange of documents related to the transfers of real property to the James Wynne Parties, dismissal of litigation, new loan documents required for new financing, new loan documents required for the restructuring of pre-existing Claims and Interests by this Plan, and other documents reasonably necessary to effectuate the terms of this Chapter 11 Plan (the "Closing"). ALOC and the James Wynne Parties will use their best efforts to coordinate the Closing as a single event, but may divide the Closing into more than one event to the extent reasonably possible and necessary, provided that all such items must be addressed prior to the entire Closing to have been considered to have occurred.

The personal property draft with the James Wynne Parties is expressly not included as an item in the Closing. The parties will use their best efforts to coordinate the personal property draft within 30 days after the Closing.

**Conditions to Confirmation.**

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a) The Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Plan Proponents that among other things, makes findings that particular sub-sections of Section 1129 of the Bankruptcy Code have been met, including (i) that the Debtor has proposed and obtained confirmation of the Plan in good faith; (ii) that the Plan is in the best interests of creditors and (iii) that the Plan is fair and equitable to holders of Claims and Interests;

b) No stay of the Confirmation Order is in effect;

c) The Confirmation Order shall include determinations that all of the settlements and compromises contained in the Plan meet the applicable standards under Bankruptcy Code section 1123(b)(3) and Federal Rule of Bankruptcy Procedure 9019 for approval and implementation; and

d) All documents, instruments and agreements, in form and substance satisfactory to the Plan Proponents provided for under or necessary to implement the Plan have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby.

**Conditions to Consummation or Effectiveness.**

The following are conditions precedent to the occurrence of substantial consummation and effectiveness of this Chapter 11 Plan:

a) The Confirmation Order will have become a Final Order;

b) Closing has been completed; and

c) Substantially all of the actions, documents and agreements necessary to implement the Plan will have been effected or executed other than the personal property draft with the James Wynne Parties.

Because the terms of this Chapter 11 Plan are not effective until the satisfaction of these conditions precedent, including Closing, the prepetition Liens securing the Allowed Claims shall survive Confirmation and continue to secure payment of the Allowed Claims after the Effective Date of the Plan and until conditions precedent have been satisfied, including Closing.

The Plan Proponents shall file a Notice of Substantial Consummation in the ALOC Bankruptcy Case within ten (10) days of the occurrence of Substantial Consummation.

1. **Disclaimer.**

**THE PRECEDING DISCUSSION IS MERELY A SUMMARY. CREDITORS SHOULD READ, IN THEIR ENTIRETY, THIS DISCLOSURE STATEMENT, THE PLAN AND THE PLAN DOCUMENTS IN ORDER TO UNDERSTAND HOW CONFIRMATION OF THE PLAN WILL MODIFY AND IN SOME CASES, ELIMINATE, THEIR EXISTING RIGHTS AND REMEDIES.**



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## VI.
## CURRENT AND POST-PLAN CONFIRMATION MANAGEMENT OF THE DEBTOR

The LLC, the GP of ALOC, is allegedly owned 99% by the WWGST Exempt Trust, .5% by Erin Anne Wynne, and .5% by Wreno S. Wynne, Jr. ALOC is allegedly owned .15% by the LLC, 49.925% by the WW GST Exempt Trust, and 49.925% by the Wynne Testamentary Trust. Except as expressly provided in the Chapter 11 Plan, all of the Equity Interests in the Debtors will be extinguished on the Effective Date. After confirmation, the Reorganized Debtor will continue to be managed by the LLC and Erin and Wreno Wynne.

## VII.
## THE BANKRUPTCY ESTATE

On May 28, 2015 ALOC filed its Schedules A, B, D-H with Summary of Schedules, Statement of Financial Affairs [Docket No. 80]. ALOC believes that the Schedules and Statements of Financial Affairs as amended and supplemented provide a reasonable indication of the financial condition of ALOC as April 16, 2015. They are incorporated herein by reference and can be reviewed in the Office of the Clerk for the United States Bankruptcy Court. The information below is for summary purposes only.

### A. ASSETS.

**1. Cash**.

On the Petition Date, ALOC had approximately $32,130 of cash in a checking account.

**2. Real Estate.**

ALOC owns the real property, buildings and improvements that include the facilities of the Star Brand Cattle Company executive retreat.

**3. Other Property.**

ALOC is the 100% interest owner in the Star Brand Cattle Company LLC, the 99.9% interest owner in the Star Brand Cattle Company Ltd. d/b/a Star Brand Ranch Executive Retreat, each with unknown value. ALOC is also the 99% interest owner in Ranchland and ALOC values its interest in Ranchland at $1,386,000.00. ALOC is also entitled to future payments and preferential returns from Ranchland. In addition, ALOC is owed a total of approximately $2.1MM by Ranchland, Star Brand Cattle Company and Celadon Development, LLC, which is Ranchland's general partner. That being the case, the amount and nature of the amounts transferred to Ranchland, owed by Ranchland, and character of the obligations between debt and equity may be subject to interpretation and dispute.

ALOC has a money judgment against James Y Wynne and the JW Trust for amounts in excess of $260,000. ALOC also owns various furnishings, antiques, books, paintings, and other artifacts valued at approximately $968,643.00.

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**4. Claims and Causes of Action.**

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**(a) *Fraudulent Conveyances and Preferences***

Under the Bankruptcy Code and various state laws, a debtor may recover certain transfers of property, including the grant of a security interest in property, made while the debtor is insolvent or which rendered a debtor insolvent, if and to the extent the debtor received less than fair value for such property. In addition, a debtor's bankruptcy estate may recover property transferred in an effort by a debtor to hinder, delay or defraud creditors of the estate.

In addition, under the Bankruptcy Code, a debtor may recover certain preferential transfers of property, including cash, made during the ninety (90) days immediately prior to the filing of its bankruptcy petition while a debtor was insolvent and in payment of pre-existing debts, to the extent the transferee received more than it would have in payment of the pre-existing debt had the debtor been liquidated under chapter 7 of the Bankruptcy Code. If the preferential transfer is made to an insider of a debtor, the debtor may recover such transfer if it falls within the one year immediately preceding the debtor's petition date.

There are certain defenses to such recoveries. Transfers made in the ordinary course of the debtor's and the transferee's business according to ordinary business terms may not be recoverable. Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case) for which the transferee was not repaid, such extension may constitute an offset against any otherwise recoverable transfer of property. If a transfer is recovered by the debtor, the transferee may have a general unsecured claim against the debtor to the extent of the recovery.

ALOC has not identified any other potential preferences that could provide any meaningful recovery, mostly due to the fact that this case is a 100% case and the Debtors could not meet its burden to show harm to the estate. ALOC has not identified any fraudulent transfer claims that could provide any meaningful recovery, other than potential claims involving (and disputed by) the James Wynne Parties that are resolved by the Plan.

**(b) *Other Claims***

ALOC asserts claims against Todd Wynne d/b/a Star Brand Landscaping for breach of contract and claims against James Y. Wynne, Glenn Brock, Stanley Saruni, or others for allegedly illegal conversion of ALOC's interest in American Liberty Oil Company Tanzania LTD, which are disputed by the parties. ALOC may also have other Causes of Action against these or other parties. ALOC has not undertaken an analysis of all of its Causes of Action against other parties. The Plan preserves all such causes of action to the Debtors except for the certain releases by and in favor of the James Wynne Parties.

**B. LIABILITIES**

**1. Secured Claim of Legacy Bank.**

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ALOC is the borrower under a Note and grantor under a First Lien Deed to Donald R. Rogge, Trustee for the benefit of the Farm Credit Bank of Texas and its assignee, Legacy Land Bank, FLCA, as beneficiary dated October 22, 1991 and in the original principal amount of $3,462,300.00 executed by American Liberty Oil Company, Wreno Smith Wynne, Cheryl S. Wynne, James Y. Wynne, Dee Young Wynne, William B. Wynne and Laurie L. Wynne. The remaining unpaid balance owed to Legacy Bank currently is approximately $2,400,000.

**2. Secured ~~Claim of Michael~~Claims under Michael Morris Loan Documents**

ALOC's real property is further encumbered by a Second Lien Deed of Trust from American Liberty Oil Company, LP as grantor to beneficiaries Jerry Jane Morris Walling, paying agent for Michael Wynne Morris, Jerry Jane Morris Walling, and Melissa Morris Johnston, or such other person or entity as such three individuals, or the survivors among them, shall jointly designate in writing to grantor dated November 18, 1991 securing sums loan under promissory notes dated November 18, 1991 in the original principal amounts of $2,252,853.15 and $75,000.00, respectively.

**3. Secured Claim of Toddie Lee Wynne Sr. Grandchildren's Trust**

The Toddie Lee Wynne Sr. Grandchildren's Trust asserts a claim secured against the partnership interests of ALOC in the amount of $858,221.37.

**4. Secured Claim of Wes and Erin Wynne**

Erin Wynne and Wreno S. Wynne assert secured claims in the amount of $126,000 and $141,500 respectively that are secured by ALOC's art and furnishings that are valued in the amount of approximately $968,643.00. Erin and Wreno Wynne received their liens against ALOC's personal property within the 90 days prior to the Petition Date, however, because the Chapter 11 Plan is a 100% plan that pays all Allowed Claims in full, ALOC asserts that the liens granted to Erin and Wreno Wynne during the preference period are not avoidable under Chapter 5 of the Bankruptcy Code. Moreover, Erin and Wreno Wynne are providing the financing approved by the Secured DIP Order and the Postconfirmation Exit Financing and are granted certain releases by the Chapter 11 Plan in return for such consideration.

**5. Secured DIP Facility Claim**

In accordance with the Court's *Final Order on Debtor's Motion For Interim And Final Order Authorizing (A) Borrowing Secured By Junior Liens On Property Of The Estate (B) Making Of Drop Down Loans To Non-Debtor Subsidiary (C) Additional Lending Procedures (D) Modification Of The Automatic Stay* [Docket No. 108], there is a secured DIP facility claim of Vandera Operating Company for revolving post-petition advances on a secured basis loaned to the Debtor in the total amount of $100,000.

**6. Property Tax Claims**

Proofs of claim representing approximately $43,000 of secured, property tax claims have been filed with the Court relating to ALOC's real property.

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**7. General Unsecured Claims.**

The bankruptcy estate has approximately $55,000 of unsecured claims including the unsecured claims on ALOC's schedules and those filed with the Court on the claims register. The unsecured claims that are greater than $10,000 include a claim of BKM Horan in the amount of $16,044.50, and a claim of Skibell Bohach & Archer in the amount of $26,027.00. All of the remaining unsecured claims against ALOC are for amounts less than $10,000.

**8. Claims Related to Litigation Pending on the Petition Date.**

A description of the pending litigation on the Petition Date is included above describing the Kaufman Appeal and the Removed Action.

**9. Administrative Expenses of the Estate.**

ALOC contemplates that the Administrative Expense Claims owed by the estate will consist primarily of fees of professionals hired in this Chapter 11 Case pursuant to the orders of the Bankruptcy Court and, while such amounts are difficult to estimate with certainty, ALOC estimates $250,000.00 under the current Plan- in addition to amounts previously paid.

**10. Executory Contracts and Unexpired Leases**

Detail of all of the ALOC executory contracts and unexpired leases is provided in the ALOC's Schedule G. Under the Plan, unless otherwise provided, the Reorganized Debtor will assume all executory contracts and unexpired leases unless otherwise provided therein or ordered by the Court.

***(a) Cure Claims***

To the extent that a party to an assumed executory contract or unexpired lease disputes the amount of any Cure Claim relating to assumption of executory contracts and unexpired leases, the cure of any other defaults, the promptness of the Cure Claim payments, or the provisions of adequate assurance of future performance, such party must file an appropriate pleading with the Bankruptcy Court on or before [_____], 2016 regarding such disputes or such party shall be deemed to have waived its right to dispute such matters.

If there is a dispute regarding (i) the nature or amount of any Cure Claim, (ii) the ability of the Debtors to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, the Cure Claim shall be paid within thirty (30) days following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

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***(b) Rejection Claims***

If any executory contract or unexpired lease is rejected by the Debtors by order of the Court or operation of law and the rejection of an executory contract or an unexpired lease by the Debtors results in damages to the other party or parties to such contract or lease, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtors or its properties or agents, successors, or assigns, unless a proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtors by the later of: (i) the Bar Date or (ii) such later deadline as the Bankruptcy Court may Order for asserting a Claim for such damages, or if no Bankruptcy Court Order establishing a deadline is entered before Confirmation of the Plan, then such date as is set in the Confirmation Order, which shall be not less than thirty (30) days after entry of the Confirmation Order.

## VIII.
## FEASIBILITY OF PLAN

### A. GENERALLY

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Section 1129(a)(11) of the Bankruptcy Code requires that the Court determine that a further reorganization or subsequent liquidation of the Debtors is not likely to result following confirmation of the plan, unless the plan specifically provides for such a further reorganization or liquidation.

The Plan provides for the reorganization of the Debtors through restructuring of secured debts, resolution of litigation, and payment of allowed unsecured claims.

### B. RISK FACTORS INHERENT IN THE PLAN.

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The Plan is subject to a number of material risks, including those enumerated below. Prior to deciding how to vote on the Plan, each Holder of an impaired Claim should carefully consider all of the information contained in this Disclosure Statement, especially the factors mentioned in the following paragraphs:

#### 1. Forward-Looking Information May Prove Inaccurate.

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This Disclosure Statement contains various forward-looking statements and information that are based on the Debtor's beliefs as well as assumptions made by and information currently available to the Debtor. If reality varies from these beliefs and assumptions, actual results may vary materially from those anticipated, estimated or projected.

#### 2. Certain Risks of Non-Confirmation.

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There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Court will confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Court that the confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and that the value of the distributions to non-accepting creditors and interest holders will not be

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less than the value of the distributions that such creditors and interest holders would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. Although the Plan Proponents believe that these requirements will be satisfied, there can be no assurance that the Court will concur. The confirmation and consummation of the Plan are also subject to certain other conditions, which are described in this Disclosure Statement and the Plan. If the Plan were not be confirmed and consummated, it is unclear whether a reorganization comparable to the reorganization contemplated hereby could be implemented in a timely manner and, if so, what distributions holders of Claims ultimately would receive with respect to their Claims. Moreover, if an alternative reorganization could not be implemented in a timely manner, it is possible that the Debtor would have to liquidate its assets, in which case it is likely the holders of Claims would receive less than they would have received pursuant to the Plan.

### 3. Projections.

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The Plan Proponents believe that under the current Plan, the Reorganized Debtor can focus its resources upon business operations (rather than shared with litigation) and obtain additional time to pay off or refinance the secured obligations, given that there is sufficient equity in the real property of the Reorganized Debtor.

## IX.
## ALTERNATIVES TO PLAN

### A. LIQUIDATION

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For purposes of a liquidation analysis in a Chapter 7 proceeding, the Chapter 7 trustee may or may not be able to continue to operate the Debtor's business to complete the sale as a going concern. It is assumed that a Chapter 7 trustee would be called upon to sell the Debtors' assets at "distress sale" prices that are much lower than the going-concern value of the business. Therefore, any liquidation analysis has little or no bearing upon what the Debtors' assets may be worth going-concern sale proposed by the Plan, the latter of which generates a greater value. To the extent the Chapter 7 Trustee identified any litigation claims, a Chapter 7 Trustee would most likely have to pursue any such litigation on a contingency fee basis, which would potentially increase legal fees related to litigation recovery. In sum, a Chapter 7 liquidation would reduce the value of the Debtors' assets, to the detriment of all creditors. Finally, the additional delay associated with a Chapter 7 liquidation would reduce the present value of any potential return.

A Chapter 7 liquidation would likely involve a sale free and clear of all debt, meaning that all creditors are wiped out and share in the unencumbered proceeds by priority of their debt. In such an event, the administrative costs of the bankruptcy case would be paid first, the priority tax debts paid second, and unsecured creditors would share pro-rata in any remaining funds to the extent available. Under Section 726 of the Bankruptcy Code, a Chapter 7 liquidation would result in payment of allowed claims in the following order of distribution:

1) Distribution to all allowed secured claims according to lien priority and the return on the sale of their respective collateral;
2) Distribution to all allowed administrative expense claims of the Chapter 7 Trustee and Trustee professionals followed by distribution to all other allowed administrative expense claims under Section 503 of the Bankruptcy Code;

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3) Distribution to all allowed unsecured priority claims under 507(a)(3) through (10) of the Bankruptcy Code;
4) Finally distribution on a pro rata basis to all allowed general unsecured claims

Under the Plan all allowed Claims stand to receive a 100% distribution, with interest where applicable. The Plan Proponents contend that this Chapter 11 Plan provides a better alternative to a Chapter 7 liquidation because the value of the Debtors' estates will be maximized for the benefit of all parties in interest.

**B. OTHER PLAN OPTIONS**

In the event this Plan is not confirmed, the Debtors or the James Wynne Parties may propose an alternative Chapter 11 Plan. Other parties may also file their own Chapter 11 Plans. The terms of these other plans may involve cramdown of different treatment of claims over the will of a dissent class of claims or liquidation of the Debtors' assets. The current Plan maintains business operations and proposes a 100% distribution to all parties. The Plan Proponents contend that its plan would provide the best recovery to all Allowed Claims. Accordingly, the Plan Proponents maintain that the current Plan is the best option for all constituents and preferable to another Plan that may not have the same level of consent or recovery for all parties.

**IX.**
**FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

The following summary is a discussion of certain federal income tax consequences of implementation of the Plan to the Creditors and to the Debtors. This summary is based on the Internal Revenue Code of 1986 (the "IRC"), Treasury Regulations promulgated and proposed thereunder ("Regulations"), and judicial decisions and published administrative rulings and pronouncements of the Internal Revenue Service ("Service") as in effect on the date hereof. Legislative or administrative changes in such rules or new interpretations thereof may have retroactive effect and could significantly alter the federal income tax consequences discussed below.

No opinion of counsel has been obtained and the Plan Proponents do not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Plan discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to Holders of Claims that are not United States Persons (as such term is defined in the Internal Revenue Code) or that are otherwise subject to special treatment under Untied States federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through Entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). The following discussion assumes that Holders of Allowed Claims hold such Claims as "capital assets" within the meaning of section 1221 of the Internal Revenue Code. Moreover, this summary does not purport to cover all aspects of United States federal income taxation that may apply to the Debtor and Holders of Allowed Claims based upon their particular circumstances. Additionally, this summary does not

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discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local or foreign tax law.

**ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IF FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.**

**INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE 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 NOT WRITTEN TO SUPPORT THE PROMOTION, MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

## A. TAX ASPECTS OF DISTRIBUTIONS UNDER THE PLAN

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The transactions contemplated by confirmation of the Plan may have an impact on the tax treatment received with respect to distributions under the Plan. That impact may be adverse to a creditor or Interest Holder. Neither the Plan Proponents nor their counsel have conducted an analysis of the Federal income tax consequences of the Plan to creditors or Interest holders, as such consequences depend upon the unique circumstances of each creditor and/or interest Holder.

## B. TAX CONSEQUENCES OF PLAN TO THE DEBTORS

### 1. Cancellation of Debt and Reduction of Tax Attributions.

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In general, absent an exception, a debtor will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (x) the amount of Cash paid, and (y) the fair market value of any new consideration (including stock of the debtor) given in satisfaction of such indebtedness at the time of the exchange.

A debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a

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consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to section 108 of the Internal Revenue Code. In general, tax attributes will be reduced in the following order: (a) NOLs; (b) most tax credits and capital loss carryovers; (c) tax basis in assets; (d) passive activity loss and credit carryovers; and (e) foreign tax credits. A debtor with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Internal Revenue Code.

**2. Liquidation of NOL Carry Forwards and Other Tax Attributes.**

The Debtors may have NOL carryovers and other tax attributes that will not be transferable upon confirmation. The amount of such NOL carryovers is based on a number of factors and is impossible to calculate at this time.

**3. Section 1146 Provisions.**

Section 1146(a) of the Bankruptcy Code prohibits a stamp or similar tax on the "issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under a plan confirmed under section 1129 [of the Bankruptcy Code]." The Plan Proponents do not believe that any of the transactions contemplated in the Plan would otherwise incur a stamp or similar tax. Nonetheless, any such transaction would be exempt from any stamp or similar tax from being imposed on the Debtor. At the Confirmation Hearing, and Pursuant to section 1146(b) of the Bankruptcy Code, the Plan Proponents will request that Bankruptcy Court find that the transactions under the Plan are not subject to a Stamp or similar tax.

**C. DISCLAIMER**

**THE PRECEDING DESCRIPTION OF FEDERAL INCOME TAX CONSEQUENCES IS INTENDED MERELY AS AN AID FOR CREDITORS AND INTEREST HOLDERS, AND NEITHER THE DEBTOR NOR THEIR RESPECTIVE COUNSEL ASSUME ANY RESPONSIBILITY IN CONNECTION WITH THE INCOME TAX LIABILITY OF ANY CREDITOR OR HOLDER OF AN EQUITY INTEREST.**

**NOTHING HEREIN IS INTENDED TO CONSTITUTE ADVICE OR OPINION AS TO THE TAX IMPACT OF THE PLAN ON ANY CREDITOR OR INTEREST HOLDER OR THE DEBTOR. CREDITORS AND HOLDERS OF INTERESTS ARE URGED TO OBTAIN ADVICE FROM THEIR COUNSEL REGARDING THE APPLICABILITY OF FEDERAL AND STATE TAX LAWS.**

## XI.
## REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Plan Proponents believes that: (1) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (2) they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (3) the Plan has been proposed in good faith. Specifically, the Plan Proponents believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below:



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- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The 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 cases, 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 Confirmation of the Plan.

- Either each Holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtor were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to section 1129(b) of the Bankruptcy Code for Equity Interests deemed to reject the Plan.

- Each Class of Claims 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 such 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 Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.

- Confirmation of the Plan is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization of the Debtor or any successors to the Debtor under the Plan.

- The Plan Proponents have paid the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

- In addition to the filing fees paid to the clerk of the Bankruptcy Court, the Debtors and/or Reorganized Debtor will pay quarterly fees on the last day of the calendar month, following the calendar quarter for which the fee is owed in the Debtors' Chapter 11 Cases for each quarter (including any faction thereof), to the Office of the United Stated Trustee, until the case is converted or dismissed, whichever occurs first.

**1. Best Interests of Creditors Test/Liquidation Analysis.**

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each Holder of a claim or an equity interest is such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such Holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. To make these findings,



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the bankruptcy court must: (a) estimate the Cash liquidation proceeds that a chapter 7 trustee would generate if the debtor's chapter 11 case was converted to a chapter 7 case and the assets of such debtor's estate were liquidated; (b) determine the liquidation distribution that each non-accepting Holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such Holder's liquidation distribution of the distribution under the plan that such Holder would receive if the plan were confirmed.

In Chapter 7 cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests. Because this Plan is a 100% Plan, the Plan Proponents submit that the best interests of creditors test is satisfied.

**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. The Plan Proponents believe that sufficient funds will exist to make all payments required by the Plan and that Confirmation is not likely to be followed by a subsequent liquidation or the need for further financial reorganization.

**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 or equity interests that is impaired under a 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 if "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the Holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the Holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the Holder of such equity interest 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 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.



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The Claims in Class 10are not Impaired under the Plan, and, as a result, the Holders of such claims are deemed to have accepted the Plan.

The Classes 1-9 and 11-13 are Impaired under the Plan, and as a result, the Holders of Claims in such Classes are entitled to vote on the Plan. Pursuant to section 1129 of the Bankruptcy Code, the Holders of Claims Classes that are Impaired must vote in favor of the Plan for the Plan to be confirmed without application of the "fair and equitable test" to such Classes, and without considering whether the Plan "discriminates unfairly" with respect to such Classes, as both standards are described in the Plan. As stated above, Classes of Claims 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 of each such Class (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. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will 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 or equity interests; that is impaired under, and has not accepted, the plan.

***(a) No Unfair Discrimination***

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This test applies to classes of claims or equity interests that are of equal priority and arc receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in it treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

***(b) Fair and Equitable Test***

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This test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending on the type of claims or equity interests in such class.

Secured Claims: The condition that a plan be "fair and equitable" to a non-accepting: class of secured claims includes the requirements that: (1) 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 debtor or transferred to another entity under the plan; and (2) 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

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plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

Unsecured Claims: The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the following requirement that either: (1) 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 (2) the Holder of any claim or any equity 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 junior equity interest any property.

Equity Interests: The condition that a plan be "fair and equitable" to a non-accepting class of equity interests includes the requirements that either: (1) the plan provides that each Holder of an equity interest in that class receives or retains under the plan on account of that equity interest property of a value, as of the effective date of the plan, equal to the greater of: (a) the allowed amount of any fixed liquidation preference to which such Holder is entitled; (b) any fixed redemption price to which such Holder is entitled; or (c) the value of such interest; or (2) if the class does not receive the amount as required under (1) hereof, no class of equity interests junior to the non-accepting class may receive a distribution under the plan.

To the extent that any of the Voting Classes vote to reject the Plan, the Plan Proponents further reserve the right to seek (1) Confirmation of the Plan under section 1129(b) of the Bankruptcy Code and/or (2) modify the Plan in accordance with the Plan.

The Plan Proponents propose a Plan that would be fully consensual. However, the Plan Proponents believe that the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for nonconsensual confirmation of the Plan.

## XIII.
## DISCLAIMERS

**THE PLAN PROPONENTS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE PLAN OF REORGANIZATION TO HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION ("SEC") NOR ANY STATE AUTHORITY HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.**

**THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS.**

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**NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE PLAN PROPONENTS URGE EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY 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.**

**IT IS THE PLAN PROPONENTS' POSITION THAT 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 EQUITY INTERESTS AND OTHER ENTITIES 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.**

**NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIMS IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. THE PLAN PROPONENTS MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.**

**THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTOR' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE PLAN PROPONENTS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE PLAN PROPONENTS EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE PLAN PROPONENTS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.**



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**THE PLAN PROPONENTS HAVE REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE PLAN PROPONENTS HAVE USED THEIR REASONABLE BUSINESS JUDGMENT TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.**

**THE SOURCE OF INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS THE PLAN PROPONENTS AND/OR THEIR EMPLOYEES AND HAS NOT BEEN SUBJECT TO AN AUDIT UNLESS SPECIFICALLY STATED. THE STATEMENTS MADE HEREIN LIKEWISE HAVE NOT BEEN VERIFIED BY THE PLAN PROPONENTS' COUNSEL, ALTHOUGH AN ATTEMPT HAS BEEN MADE TO BE CONSERVATIVE AND REALISTIC. NEITHER THE PLAN PROPONENTS NOR THEIR COUNSEL REPRESENT OR WARRANT THE ACCURACY OF DISCUSSIONS OF FUTURE EVENTS.**

**THE PLAN PROPONENTS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE PLAN PROPONENTS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE PLAN PROPONENTS HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND EQUITY 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 DISCLOSURE STATEMENT WAS FILED. HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.**

**THE PLAN PROPONENTS HAVENOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE PLAN PROPONENTS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.**

**PARTIES VOTING ON THE PLAN ARE STRONGLY URGED TO REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. SUCH A REVIEW WILL ENSURE A MORE COMPLETE UNDERSTANDING OF THE TRANSACTIONS CONTEMPLATED UNDER THE PLAN AND HOW THOSE TRANSACTIONS WILL AFFECT CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.**



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**THE PLAN PROPONENTS BELIEVE THAT THE PLAN WILL PROVIDE CREDITORS WITH AN OPPORTUNITY TO RECEIVE AS MUCH OR MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTORS' ASSETS UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, AND THAT THE PLAN SHOULD BE ACCEPTED. CONSEQUENTLY, THE PLAN PROPONENTS URGE THAT ALL CREDITORS VOTE FOR THE PLAN. IF ANY IMPAIRED CLASS DOES NOT VOTE TO ACCEPT THE PLAN, THE PLAN PROPONENTS MAY SEEK CONFIRMATION UNDER THE CRAMDOWN PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO SUCH CLASS.**

No statements concerning the Debtors, the value of their property, or the value of any benefit offered to any holder of a Claim or Equity Interest in connection with the Plan should be relied upon other than as set forth in this Disclosure Statement. In arriving at your decision, you should not rely on any representation or inducement made to secure your acceptance or rejection that is contrary to information contained in this Disclosure Statement, and any such additional representations or inducements should be reported to counsel for the ALOC, Hudson M. Jobe, 2001 Bryan Street, Suite 1800, Dallas, Texas 75201, Telephone: (214) 871-2100; Email: hjobe@qslwm.com.

## XIV.
## FORWARD LOOKING STATEMENTS

This Disclosure Statement and the exhibits hereto may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which is codified in Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). Such statements consist of any statement other than a recitation of a historical fact and can be identified by terminology such as "may," "expect," "anticipate," "estimate," "project," "intend," "expect," "plan," "believe," "should," "likely," and similar expressions are used herein, the Debtor is making forward looking statements. In addition, forward looking statements in this Disclosure Statement and the exhibits hereto include, but are not limited to, statements about the Debtor's beliefs, estimates or plans regarding the following topics:

- Product and marketing strategy;
- Estimates relating to expected future revenue, gross margins, product costs, operating expenses, restructuring-related charges, interest income, funding needs, cash requirements and other financial measures;
- Estimated future cash expenditures;
- A belief that cash and cash equivalents will be sufficient to fund operations through a specified period of time;
- The amount, timing, and availability of future funding needs;
- The ability to obtain confirmation of the Plan if necessary and the Debtor's intention to pursue confirmation under the "cram down" provisions of the Bankruptcy Code;
- The Debtor's going concern valuation;
- The effects of pursuing the proposed restructuring plans;
- The extent to which matters the Debtor is litigating defensively are covered by
- insurance;

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- The impact of the Plan on the Debtor's operations, credibility and valued
- relationships;
- Availability and consequences of alternative restructuring plans;
- The value of recovery for holders of Claims and Interest under the restructuring
- plans;
- The compliance of classifications of Claims and Interest with the Bankruptcy Code;
- The impact of a liquidation;
- The estimated aggregate amount of allowed Administrative Claims, Priority Tax
- Claims, and Other Claims;
- Estimates of the likely size of Claims in the various classes of Claims under the Plan, including estimates of potential exposures to litigation claims, recoveries on avoidance and other actions, and expenses related to the Plan;
- The likely actions of other parties in interest with respect to the approval or rejection of the plan and possible alternative proposals for plans of reorganization; and
- The projected financial information presented in this Disclosure Statement.

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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 analysis, distribution projections and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to holders of allowed claims 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.

Forward looking statements should, therefore, be considered in light of various important factors, including those set forth in this Disclosure Statement under the caption "Risk Factors Inherent in the Plan," and elsewhere in this Disclosure Statement and the incorporated exhibits. Moreover, the Debtor cautions that undue reliance should not be placed on these forward looking statements, which speak only as of the date they were made. The Plan Proponents do not undertake any obligation to release (publicly or otherwise) any revisions to these forward looking statements to reflect events or circumstances after the date of this Disclosure Statement, or to reflect the occurrence of unanticipated events. All subsequent forward looking statements attributable to the Plan Proponents or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Disclosure Statement.

## XV.
## CONCLUSION

The Plan Proponents believe this Disclosure Statement contains information, of a kind and in sufficient detail, adequate to enable the hypothetical reasonable investor typical of the holders of Claims against and Interests in the Debtors to make an informed judgment with respect to acceptance or rejection of the Plan. The Plan is the result of an effort by the Debtors to restructure their financial affairs while continuing to operate their businesses, and to pay unsecured creditors in full with little interruption. As of the date of this Disclosure Statement, the Plan Proponents believe that the proposed Plan is a responsible and prudent method of restructure and constitutes the best existing opportunity for Creditors to be paid.

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THE PLAN PROPONENTS URGE CREDITORS TO VOTE TO ACCEPT THE PLAN.



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DATED: ~~May 2~~June 7, 2016

Respectfully submitted,

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