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B25B (Official Form 25B) (12/08)

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

In re: Tauren Exploration, Inc. Debtor-in-Possession	Case No. 16-32188-hdh11

TAUREN EXPLORATION, INC.'S DISCLOSURE STATEMENT TO DEBTOR'S ORIGINAL PLAN OF REORGANIZATION DATED JANUARY 30, 2017

I
INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of Tauren Exploration, Inc. (the"Debtor" or "Tauren"). This Disclosure Statement contains information about the Debtor and describes Debtor's Original Plan of Reorganization Dated January 30, 2017 (the "Plan") filed by Tauren Exploration, Inc. on January 30, 2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at Section III of this Disclosure Statement. General unsecured trade creditors are classified in Class 2, and will receive a distribution of 100% of their allowed claims, to be paid within 28 days of the Effective Date of the Plan. In the unlikely event that a general unsecured trade creditor claim has not been allowed by the Effective Date, holders of such claims will be paid within 14-days after the order allowing the claim becomes final.

A. Purpose of This Document

This Disclosure Statement describes:

DESCRIPTION	SECTION
Background Including Significant Events Contributing to this Chapter 11	**II A-F**
Significant Events Occurring During these Chapter 11 Proceedings	**II J**
How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed).	**IV**
Who can vote on or object to the Plan	**III**
Factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan	**IV**
Why Tauren Exploration, Inc. believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation	**IV D**
The effect of confirmation of the Plan	**V**

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines For Voting and Objecting; Date of Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. Section __ of this Disclosure Statement describes the procedures pursuant to which the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on _____at _____ m. at the Earl Cabell Federal Building, 1100 Commerce St., Dallas, Texas, 75201, 14th Floor, Courtroom of the Honorable Harlin D. Hale, United States Bankruptcy Judge.

2. Deadlines for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Frank L. Broyles, 222 W. Las Colinas Blvd. Suite 1650 East Tower, Irving, Texas 75039.

See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by _____2017 or it will not be counted.

3. Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon counsel for the Debtor as shown below no later than _____ 2017:

Frank L. Broyles
222 W. Las Colinas Blvd. Suite 1650 East Tower
Irving, Texas 75039

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you or your attorney should contact Debtor's counsel, Mr. Frank L. Broyles at (972) 401-4141, 222 W. Las Colinas Blvd., 1650 East Tower, Irving, TX 75039 or by email at frank.broyles@utexas.edu.

C. Disclaimer

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until _____ 2017

II.

BACKGROUND

A. Description and History of the Debtor's Business.

The Debtor is a corporation. Since 1993 the Debtor has primarily been in the business of oil and gas consulting, acquiring oil and gas lease positions, operating oil and gas wells, and participating as a non-operator in oil and gas production operations. Currently, it is focusing on its consulting business but anticipates participating as a non-operator in oil and gas production.

B. Insiders of the Debtor

Insiders of the Debtor ("Insiders") are: Calvin A. Wallen, III who is, and always has been, the sole director and president of the Debtor; Fossil Operating, Inc.; Pandale Holdings, Inc.; CASA Development Properties, LP, Langtry Mineral and Development, LLC and Tauren, Inc.

C. Management of the Debtor Before and During Bankruptcy

Calvin A. Wallen, III is, and always has been, the founder, sole director and president of the Debtor.

D. Events Leading to the Chapter 11 Filing

D-1. The 2009 "1031 Exchange."

A significant event relevant to Tauren's Chapter 11 is a 2009 transaction whereby the Debtor entered into a complex transaction commonly referenced as a 1031 exchange whereby the Debtor and others exchanged certain assets for equity interests in a company known as Cubic Energy, Inc. When Cubic Energy, Inc. and its affiliates filed for bankruptcy in December 2015 and liquidated pursuant to Chapter 11the value of that 2009 transaction was destroyed. Those transactions are summarized below and a more detailed graphic is attached as Exhibit B.

Date	Transaction Descriptions
11/4/09	Langtry sells Cubic the 3% ORRI acquired from Tauren Cubic gives Langtry: 103,500 shares Cubic Preferred Stock; 10,350,000 shares of Cubic Stock.
11/5/09	Tauren sells Langtry Mineral and Development, LLC ("Langtry") a 3% ORRI in the deep rights. Langtry gives Tauren a $20,700,000 Note.
11/24/09	Tauren sells Cubic $30,952,810 in Drilling Credits. Cubic assigns Tauren a 6% Overriding royalty interest.

D-2. The 2010 Lawsuit by Gloria's Ranch

In 2010 Gloria's Ranch filed a lawsuit against Tauren and three "deep pocket" defendants" Cubic Energy, Inc.; EXCO USA Asset, LLC. and Wells Fargo Energy Capital, Inc. Prior to the Petition Date, a judgment was entered in a lawsuit styled, "Gloria's Ranch, L.L.C. v. Tauren Exploration, Inc., Cubic Energy, Inc., Wells Fargo Energy Capital, Inc. and EXCO USA Asset, LLC", in the 1st Judicial District Court, Caddo Parish, Louisiana, Case No. 541-768-A (the "Gloria's Ranch Suit"). The Gloria's Ranch Suit alleged that all or part of the mineral lease granted by Gloria's Ranch, L.L.C. on September 17, 2004 had lapsed, and sought a finding that the mineral lease lapsed, damages, attorney fees, and other equitable relief. SEC filings by Cubic indicate it believed its exposure was a manageable $9.1 million.

Gloria's did not identify any affiliate of the Debtor except Cubic as a defendant in this lawsuit.

The November 24, 2015 judgment entered by the court in the Gloria's Ranch Suit found that the referenced lease lapsed, and awarded the plaintiff in excess of $20 million in damages against all defendants, jointly and severally, related to the alleged lapsed lease.

Both Wells Fargo and the Debtor have appealed the trial court's judgment. This appeal is a valuable asset of the Debtor. There are a variety of scenarios that could result in complete exculpation of Tauren: (1). If the judgment is eventually affirmed as awarded by trial court it most likely the judgment will be satisfied in full by Wells Fargo. Wells Fargo has not made a claim for contribution against Tauren and the deadline for that claim has passed. (2). If the judgment is reversed and rendered for defendants Gloria's Ranch would have not have a liquidated claim against the Debtor. (3). If the judgment is affirmed but for something less than the $6.5 million settlement paid by EXCO, Tauren would be released from liability.

The judgment is currently on appeal. Oral argument at the Court of Appeals level has concluded and a decision from that court is expected sometime in April 2017. Tauren belives the decision of the Louisiana Court of Appeals will be appealed to the Louisiana Supreme Court irrespective of the decision by the Court of Appeals.

D-3. The August 29, 2011 Arbitration with EXCO Operating Company, LP and BG US Production Company LLC.

On October 28, 2011Tauren and Cubic Energy, Inc. filed a lawsuit against EXCO Operating and BG in Dallas, Texas arising out of a breach of contract concerning various oil and gas leases, including the Gloria's Ranch leases. The court referred the matter to arbitration where the arbitration panel concluded that EXCO and BG had breached a contract for the purpose of imposing financial hardship on Tauren and awarded Tauren and Cubic damages consisting of approximately $20,000,000 in drilling credits, attorneys' fees and costs and reserved to Tauren and Cubic the right to pursue tort claims against EXCO and BG. Tauren and Cubic elected not to pursue the tort claims.

D-4. The 2015 Chapter 11 filed by Cubic Energy, Inc. et al

Cubic Energy, Inc. was a publicly held company. Based on its SEC reporting and Chapter 11 Schedules shareholder equity in Cubic went from $6 million as of March 31, 2015 to zero as of December 12, 2015. In its Chapter 11 Schedules Cubic listed Gloria's Ranch as the holder of a $22 million disputed debt. Although Gloria's Ranch participated in the Chapter 11 of Cubic Energy, Inc. *et al* it did not file any proof of claim or contest the transfer of Cubic's assets to Wells Fargo Energy Capital, Inc.

The collapse of Cubic was a significant factor in Tauren's decision and need to file its Chapter 11. A significant portion of Tauren's assets, directly and indirectly were tied to the success of Cubic. When Cubic filed its Chapter 11 Langtry owed Tauren $20,700,000. Since Langtry's its assets consisted primarily of preferred and common stock in Cubic the Cubic Chapter 11

Liquidation resulted in a zero value for that stock and the Cubic note wholly uncollectible.

D-6. The Collection Lawsuit filed by Gloria's Ranch against Tauren Exploration, Inc.; Calvin A. Wallen, III; Langtry Mineral & Development, LLC; and Fossil Operating Inc.

Approximately 2-weeks prior to the filing of this bankruptcy case Gloria's Ranch filed a "barebones" collection lawsuit in Caddo Parish, Louisiana, case number 592839-A, claiming that all Defendants were liable on a $22+ million prebankruptcy judgment held by Gloria's Ranch against Wells Fargo Energy and Tauren, a judgment currently being appealed by both Tauren and Wells Fargo.

E. Significant Events During this Bankruptcy Case.

E-1. Adversary Proceeding 16-3144: Gloria's Ranch v. Tauren Exploration, Inc.; Calvin A. Wallen, III; Langtry Mineral & Development, LLC; and Fossil Operating Inc.

This adversary proceeding is the pre-bankruptcy collection lawsuit filed by Gloria's Ranch after it was transferred to the Bankruptcy Court briefly described above.

Following Tauren's Chapter 11 filing, Tauren notified Gloria's Ranch that its allegations were property of the bankruptcy estate and Gloria's Ranch was improperly exercising control over Estate assets, in violation of the automatic stay. Gloria's Ranch agreed that its claims were property of the Estate but did not agree that it was improperly exercising control over estate assets in violation of the automatic stay.

Debtor, with the assistance of Louisiana counsel Kevin Hammond, removed the case to Federal Court for the Western District of Louisiana. Debtor then sought a transfer of the case to the Northern District of Texas. The Federal Court for the Western District of Louisiana notified Mr. Hammond that he would have to file a brief or obtain consent of Gloria's Counsel before the Court would rule on the transfer request. Gloria's Ranch agreed to the transfer provided Mr. Hammond would agree *not* to opine regarding Louisiana law or otherwise perform any legal services on behalf of the Debtor other than those necessary to prosecute the appeal at the Court of Appeals level. In order to expedite the transfer Debtor agreed to this request of Gloria's Ranch but again advised counsel for Gloria's Ranch that this conduct constituted a stay violation, a claim with which Gloria's Ranch disagrees.

The collection lawsuit eventually wound up in front of this Bankruptcy Court. The only hearing in the collection lawsuit has been a status conference where the Court delayed the entry of a status conference order pending the employment of special litigation counsel for the Debtor. Counsel for Tauren promptly filed an application to employ Mr. Nathan Nichols as special litigation counsel. That application was opposed by Gloria's Ranch and a hearing on the application is set for February 2, 2017.

E-2. Chapter 11 Plan and Disclosure Statement filed by Gloria's Ranch

Gloria's Ranch filed a Chapter 11 Plan and Disclosure Statement dated December 12, 2016. The Court has set a hearing to consider whether or not to confirm Gloria's Plan. Debtor contends that plan's objectives are:

(i) *Preventing Trade Creditors from receiving any prompt or meaningful recovery on their claims;* and

(ii) Eliminating Debtor's rights to appeal the $22 million judgment. Under the Plan terms proposed by Gloria's Ranch the Debtor would not have any right to direct the appeal or any funding to pursue the appeal.

Debtor objected to the order conditionally approving the Disclosure Statement. Based on that objection the Court ordered Gloria's Ranch to supplement the Disclosure Statement with corrected information. Gloria's Ranch has supplemented its Disclosure Statement. Debtor does not believe the supplement complied with the Court's order and does not believe that the Plan proposed by Gloria's Ranch is in the best interest of the Debtor or its creditors.

Debtor has filed objections to Gloria's Plan and the Disclosure statement.

E-3. Asset sales outside the ordinary course of business: None

E-4. Professionals approved by the Court: Frank L. Broyles, Bankruptcy Counsel for the Debtor; Kevin Hammond, Special Appellate Counsel for the Louisiana Appeal.

E-5. Professionals Seeking Approval by the Court: Nathan Nichols, Special Litigation Counsel**.** Daniel P. Sherman, Chapter 11 Trustee.

E-6. Adversary Proceedings Filed. See item E-1. This to date is the only adversary proceeding filed. Under the Plan that adversary proceeding will be dismissed as of the Effective Date.

E-7. Other. Debtor's management has continued to fund Debtor's operations and build its consulting business. Except for the Gloria's Ranch judgment and costs of appealing that judgment and prosecuting its Chapter 11 Debtor would be cash flow positive from its operations and would be able to timely pay its monthly operating costs.

The primary assets of the Debtor are its appeal of the adverse judgment held by Gloria against the Debtor and Wells Fargo Energy Capital, Inc. and certain avoidance actions. Both are discussed in greater detail below.

F. Projected Recovery of Avoidable Transfers

Avoidable transfers essentially are reversible transfers made by the Debtor before it filed bankruptcy and are authorized by two primary statutes: The Bankruptcy Code, most notably Code §§ 547 and 548, and TEX. BUS. & COMM. CODE 24.001 *et seq.* Both sets of statutes provide significant defenses to a transferee and those defenses typically result in significant legal costs to all parties participating in avoidance litigation.

The Collection Case adversary proceeding described above includes a claim based on a "single business enterprise" theory. That theory is not recognized in Texas. *SSP Partners v. Gladstone,* 275 S.W.3d 444 (Tex. 2008). Gloria's Ranch also claims that the Debtor engaged in transfers

that resulted in its "deepening insolvency." Deepening insolvency is also not a recognized claim in Texas. *In re Vartec Telecom, Inc.*, 335 B.R. 631, 644 (Bankr. N.D. Tex. 2005).

Gloria's Ranch has alleged the Debtor is the *alter ego* of its owner Wallen and that Wallen and other companies he controls should be liable on judgment. Gloria has not pleaded facts to support that allegation. Texas has legislatively expressed a strong aversion to holding an individual liable for the debts of a corporation he/she/it owns. Any plaintiff seeking to hold the owner or an affiliate vicariously liable for the debts of the business must prove caused the corporation to be used for the purpose of perpetrating and actually did perpetrate an actual fraud on the plaintiff primarily for the direct personal benefit of the owner or affiliate. TEX. BUS. ORGS. CODE §21.223.

Debtor's Chapter 11 Plan provides for an independent investigation of the allegations made by Gloria's Ranch and an independent investigation of facts supporting such a claim.

The Debtor is obligated under its Chapter 11 Plan to provide for an initial Funding Payment of $100,000. That Funding Payment will be a credit to any avoidance action liability by the individuals or entities providing the payment.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

Debtor believes the only claim subject to objection is the claim filed by Gloria's Ranch. Debtor has objected to that claim based, among other things, as a claim contingent on Gloria's prevailing on appeal. On the Effective Date the Trustee will replace the Debtor as the objecting party and will be responsible for administering the objection and claim resolution.

H. Current and Historical Financial Conditions

Debtor as it presently exists is a small consulting company focused on the oil and gas industry. Its asset base has not changed materially since the filing of this bankruptcy case. Debtor's primary assets are its interests in an overriding royalty interest as defined in the Plan ("ORRI") and potential avoidance actions against Insiders. The value of the ORRI is estimated to exceed $100,000. The value of the potential avoidance actions cannot be reasonably estimated at this time.

Two are assets: the value of the appeal against Gloria's Ranch and the value of avoidable

The most significant liability is the $22 million judgment on appeal in favor of Gloria's Ranch.

Debtor also holds appellate rights with respect to the Gloria's Ranch Appeal as well as rights to defend the lawsuit if it is retried. On the Effective Date those rights will be transferred to the Chapter 11 Trustee.

Debtor's most recent monthly operating report filed in this bankruptcy case is attached as Exhibit C.

III.

SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. The Code requires that these types of administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment. Debtor's plan complies with this requirement.

Debtor's estimated administrative expenses that will have to be paid on the Effective Date are less than $5,000. Administrative expenses in total, including Chapter 11 Trustee expenses are expected to exceed $50,000.

C. Classes of Claims and Interests

2. Priority Tax Claims

Priority Tax Claims as defined under 507(a)(8) of the Code are estimated to be under $5,000.00. Unless the holder of the Claim otherwise agrees, Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, will be paid in full on the Effective Date or receive the present value of such claim, in regular installments paid over a period not exceeding 5-years from the Petition Date, at the option of the Chapter 11 Trustee.

3. *Secured Claims*

The Debtor does not believe there are any secured claims. Gloria's Ranch has filed a proof of claim alleging secured status. Debtor disputes that status. The Chapter 11 Trustee will administer this claim.

4. *Priority Claims under 11 U.S.C. 507(a)(1),(4),(5),(6) and (7).*

The Debtor does not have any priority claims within the description of 11 U.S.C. 507(a)(1),(4),(5),(6) or (7).

5. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. The following chart identifies the Plan's proposed treatment of Classes 2 through 5, which contain general unsecured claims against the Debtor:

Class	**Impairment**	**Treatment**
Class 2 Unsecured Trade Creditor Claims	unimpaired	Holders of undisputed Class 2 Claims will be paid in full, in cash, within 28 days after the Effective Date of the Plan. Disputed Class 2 claims will be paid within 14-days following the date on which such claim is allowed by a final non-appealable order. Payments to Holders of Class 2 claims will be made by the Chapter 11 Trustee. The Debtor does not believe any Class 2 claims will be disputed.
Class 4 Claim of Gloria's Ranch, LLC	Impaired / disputed	Debtor has disputed this claim. The ultimate resolution of this Claim will be deferred pending resolution of the Judgment Appeal as described herein. Payments to the Holder of the Class 4 Claim will be made by the Chapter 11 Trustee as part of the winding up of the Chapter 11 Trust.
Class 5 Unsecured Subordinated Claims of Insiders	impaired	Subordinated Claims will be paid only after all classes 1 through 4 have been administered as described herein. Payments, if any, to a Holder of the Class 5 Claim will be made by the Chapter 11 Trustee. No payments will be made to Holders of Class 5 Claims until all payments due to the Holder of the Class 4 claim has been made unless the Court has entered an order subordinating the Class 4 claim to one or more holders of Class 5 Claims.

6. *Classes of Equity Holders*

All existing equity in the Debtor will be cancelled on the Effective Date. Calvin A. Wallen, III, the current shareholder will purchase 100 shares in the Reorganized Debtor for $1,000 and remain as the sole shareholder. No non-voting classes of equity may be issued until Substantial Consummation of the Plan. The Debtor has no plans for issuing any equity other than the 100 shares to Mr. Wallen.

D. Means of Implementing the Plan

1. Source of Payments: The Plan will be funded from normal operating revenue generated by the Debtor, capital contributions, advances and/or loans to the Reorganized Debtor, and recovery of avoidable transfers. On the Effective Date, the Debtor will transfer an overriding royalty interest ("ORRI") to the Chapter 11 Trust. It also will fund, or arrange for funding, the Chapter 11 Trust with an additional $100,000.00. The ORRI is currently generating about $6,000 per month in revenues.

The Debtor, or such individuals or entities advancing these funds, will be holders of allowed class 5 claims in the amount advanced.

2. Post Confirmation Management of the Debtor and Chapter 11 Trust.

The order confirming this Plan will include the appointment of a Daniel P. Sherman as Chapter 11 Trustee to investigate and pursue avoidable transfers and other claims if, in the reasonable business judgment, the Chapter 11 Trustee considers that a prudent action.

The post confirmation management of the Chapter 11 Trust will be Daniel P. Sherman. Mr. Sherman is a very experienced Chapter 7 and Chapter 11 Trustee for bankruptcy courts located in the Northern District of Texas. He practices in the Dallas, Texas area and his practice and the practice of his firm focus on bankruptcy and insolvency.

Calvin A. Wallen, III, the Debtor's current president, will manage the Reorganized Debtor.

E. Risk Factors

The primary risk is to consummation of the Plan is unanticipated fees and expenses. This risk is considered minimal in large part do to

F. Executory Contracts and Unexpired Leases

Debtor has one executory contract and unexpired Lease. It is a lease for 5,000 square feet of storage and shop space. That lease was assumed. It is set to expire at the end of April 2017. The Chapter 11 Trustee may decide to renew, renegotiate or abandon contents of that unit back to the Debtor, in which case the Debtor may attempt to renew or renegotiate the right to continue using that space.

G. Tax Consequences of the Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

IV.

CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in §1129, and they are not the only requirements for confirmation.

A. Who may Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that certain classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor=s schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

With few exceptions the Deadline for filing proofs of claims has passed. No deadline has been established for objecting to claims.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of

that class.

3. *Who is NOT Entitled to Vote?*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

• holders of claims and equity interests that have been disallowed by an order of the Court;

• holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

• holders of claims or equity interests in unimpaired classes;

• holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and

• holders of claims or equity interests in classes that do not receive or retain any value under the Plan;

• administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class?*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram-down" on non-accepting classes, as discussed later in Section B.2.

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount

of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a cramdown plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not discriminate unfairly, and is fair and equitable toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a cramdown confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. **Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. Because of the initial funding of the Chapter 11 Trust, the Debtor is reasonably confident that distributions will equal or exceed the amount of distributions that would be made under a chapter 7 liquidation.

D. **Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The transfer and advances to the Chapter 11 Trustee of the ORRI plus the Funding Payment will enable the Chapter 11 Trustee to administer the Plan.

2. *Ability to Make Future Plan Payments And Operate Without Further Reorganization*

After the initial Funding Payment and transfer of the ORRI Debtor's plan payment obligations are completed. Expenses of the Reorganized Debtor will be minimal and will be met with operation revenue and capital contributions by its owner.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. **Discharge of the Debtor.**

On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the Effective Date, to the

extent specified in § 1141(d)(1)(A) of the Code. However, the Debtor shall not be discharged from any debt imposed by the Plan. After the effective date of the Plan your claims against the Debtor will be limited to the debts imposed by the Plan.

B. **Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan. Debtor may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Chapter 11 Trustee shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Signed: January 30, 2017.

Tauren Exploration, Inc.
Debtor-in-Possession

By: /s/ Calvin A. Wallen, III
Its president

/s/ *Frank L. Broyles*
Frank L. Broyles
TX Bar #03230500
222 W. Las Colinas Blvd. 1650 East Twr.
Irving, TX 75039
(972) 401-4141
e-mail: frank.broyles@utexas.edu
Attorney for:
Tauren Exploration, Inc.
as Debtor-in-Possession

CERTIFICATE OF SERVICE

I hereby certify that on January 30, 2017, a true and correct copy of the above

TAUREN EXPLORATION, INC.'S DISCLOSURE STATEMENT
(RE: ORIGINAL PLAN OF REORGANIZATION
DATED JANUARY 30, 2017)

Along with referenced exhibits was served on all parties receiving notice through the Court's ECF system and additionally on counsel at the addresses shown below.

/s/ Frank L. Broyles

Counsel for the U.S. Trustee: Ms. Nancy Resnick, nancy.s.resnick@usdoj.gov
Counsel for Calvin A. Wallen, III: Mr. Ray Urbanik, rurbanik@okinadams.com

Counsel for Gloria's Ranch, L.L.C.:
Mr. John Hodge, jhodge@wwmlaw.com
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