IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	
AURORA OPERATING LLC	§	**CASE NO. 16-30218**
Debtor	§	**(Chapter 11)**

DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT UNDER

11 U.S.C. § 1125 IN SUPPORT OF DEBTOR'S PLAN OF REORGANIZATION

DATED MAY 1ST, 2016

THIS SECOND AMENDED DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTOR IN THE ABOVE STYLED CASE (THE "DEBTOR," OR THE "COMPANY") AND DESCRIBES THE TERMS AND PROVISIONS OF THE DEBTOR'S PLAN OF REORGANIZATION, DATED MAY 1ST, 2016 (THE "PLAN"). ANY TERM USED IN THIS SECOND AMENDED DISCLOSURE STATEMENT THAT IS NOT DEFINED HEREIN HAS THE MEANING ASCRIBED TO THAT TERM IN THE PLAN.

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IN RE:	§	
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AURORA OPERATING LLC	§	**CASE NO. 16-30218**
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SECOND AMENDED DISCLOSURE STATEMENT PURSUANT TO 11 U.S.C. § 1125 IN SUPPORT OF THE DEBTOR'S PLAN OF REORGANIZATION, DATED MAY 1ST, 2016

SUMMARY OF THE PLAN

The Plan of the Debtor, **Aurora Operating, LLC** ("Aurora" or, the "Debtor") provides that the Debtor will continue to operate and develop oil and gas properties in the Swenson Ranch Field, located in Throckmorton County, Texas on behalf of the current working interest owners. The Plan will be funded exclusively from net operational revenues from the current production of the Swenson No. 1 Well. All Allowed Administrative Claims, Priority Claims and all Allowed Secured and Unsecured Claims will be paid in full. The Equity Security Holders will receive no distribution under the Plan, until all Allowed Claims in Classes One through Four are paid in full.

THE DEBTOR URGES YOU TO VOTE IN FAVOR OF THE PLAN.

I.
INTRODUCTION

A. Filing of the Debtor's Chapter 11 Reorganization Case

The Debtor filed a petition for relief under Chapter 11 of the Bankruptcy Code on January 11th 2016 (the "Petition Date"), in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). Since the Petition Date, the Debtor has continued to operate its business and manage its property and assets as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

B. Purpose of Disclosure Statement

This Second Amended Disclosure Statement is submitted in accordance with Section 1125 of the Bankruptcy Code for the purpose of soliciting acceptances of the Plan from holders of certain Classes of Claims. The only Creditors whose acceptance of the Plan is sought are those whose Claims are "impaired" by the Plan, as that term is defined in Section 1124 of the Bankruptcy Code, and who are receiving distributions under the Plan. Holders of Claims that are

not "impaired" are deemed to have accepted the Plan. Holders of Claims and Interests that are not receiving any property under the Plan are deemed to have rejected the Plan.

The Debtor has prepared this Second Amended Disclosure Statement pursuant to the provisions of Section 1125 of the Bankruptcy Code, which requires that a copy of the Plan, or a summary thereof, be submitted to all holders of Claims against, and Interests in, the Debtor, along with a written Disclosure Statement containing adequate information about the Debtor of a kind, and in sufficient detail, as far as is reasonably practicable, that would enable a hypothetical, reasonable investor typical of Creditors and holders of Interests to make an informed judgment in exercising their right to vote on the Plan.

This Second Amended Disclosure Statement was approved by the Bankruptcy Court on _____, 2016. Such approval is required by the Bankruptcy Code and does not constitute a judgment by the Bankruptcy Court as to the desirability of the Plan, or as to the value or suitability of any consideration offered thereunder. Such approval does indicate, however, that the Bankruptcy Court has determined that the Disclosure Statement meets the requirements of Section 1125 of the Bankruptcy Code and contains adequate information to permit the holders of Allowed Claims, whose acceptance of the Plan is solicited, to make an informed judgment regarding acceptance or rejection of the Plan.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS SECOND AMENDED DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE DEBTOR'S PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. MOST OF THE FINANCIAL INFORMATION WAS ACCUMULATED BY MR. ANDREY PLATUNOV, PRESIDENT AND MANAGING DIRECTOR OF THE DEBTOR. THE FINANCIAL INFORMATION HAS BEEN GENERATED FROM THE DEBTOR'S BOOKS AND RECORDS. THE MATERIAL HEREIN CONTAINED IS INTENDED SOLELY FOR THE USE OF CREDITORS AND HOLDERS OF INTERESTS OF THE DEBTOR IN EVALUATING THE PLAN AND VOTING TO ACCEPT OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON THE PLAN.

THE DEBTOR BELIEVES THAT ITS PLAN, AND THE TREATMENT OF CLAIMS THEREUNDER, IS IN THE BEST INTERESTS OF SUCH CREDITORS, AND THE DEBTOR URGES THAT YOU VOTE TO ACCEPT THE PLAN.

C. Hearing on Confirmation of the Plan

The United States Bankruptcy Court has set _____, 2016, at __:00 _.m., Central Time, in Courtroom _____, 4th Floor, 515 Rusk, Houston, Texas, 77002 as the date, time and place for the hearing (the "Confirmation Hearing") to determine whether the Plan has been accepted by the requisite number of Creditors and holders of Interests and whether the other requirements for Confirmation of the Plan have been satisfied. Once commenced, the

Confirmation Hearing may be adjourned or continued by announcement in open court with no further notice. Holders of Claims against, or Interest in, the Debtor who are entitled to vote may vote on the Plan by completing and delivering the enclosed ballot to James B. Jameson, James B. Jameson & Associates, P.C., P. O. Box 980575, Houston, TX 77098, on or before 5:00 p.m., Central Time on _____, 2016. If the Plan is rejected by one or more impaired Classes of Creditors or holders of Interests, that Plan, or a modification thereof, may still be confirmed by the Bankruptcy Court under Section 1129(b) of the Bankruptcy Code (commonly referred to as a "cramdown") if the Bankruptcy Court determines, among other things, that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting Class or Classes of Creditors or holders of Interests impaired by the Plan. The procedures and requirements for voting on the Plan are described in more detail below.

D. Sources of Information

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECTED TO A CERTIFIED AUDIT AND IS BASED, IN PART, UPON INFORMATION PREPARED BY PARTIES OTHER THAN THE DEBTOR. THEREFORE, ALTHOUGH THE DEBTOR HAS MADE EVERY REASONABLE EFFORT TO BE ACCURATE IN ALL MATERIAL MATTERS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT ALL THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE.

Except as otherwise expressly indicated, the portions of this Second Amended Disclosure Statement describing the Debtor, its business, properties and management, and the Plan, have been prepared from information furnished by the Debtor.

Certain of the materials contained in this Second Amended Disclosure Statement are taken directly from other readily accessible documents or are digests of other documents. While the Debtor has made every effort to retain the meaning of such other documents or portions that have been summarized, the Debtor urges that any reliance on the contents of such other documents should depend on a thorough review of the documents themselves. In the event of a discrepancy between this Second Amended Disclosure Statement and the actual terms of a document, the actual terms of such document shall apply.

The authors of the SecondAmended Disclosure Statement have compiled information from the Debtor without professional comment, opinion or verification and do not suggest comprehensive treatment has been given to matters identified herein. Each Creditor and holder of an Interest is urged to independently investigate any such matters prior to reliance.

The statements contained in this Second Amended Disclosure Statement are made as of the date hereof unless another time is specified, and neither the delivery of this Seond Amended Disclosure Statement nor any exchange of rights made in connection with it shall, under any circumstances, create an implication that there has been no change in the facts set forth herein since the date hereof.

No statements concerning the Debtor, the value of its property, or the value of any benefit offered to the holder of a Claim or Interest in connection with the Plan should be relied upon

other than as set forth in this Second Amended 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 Second Amended Disclosure Statement, and any such additional representations or inducements should be reported to counsel for the Debtor, James B. Jameson, James B. Jameson & Associates, P.C., P. O. Box 980575, Houston, TX 77098.

II.
EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to Chapter 11, a debtor-in-possession attempts to reorganize its business and financial affairs for the benefit of the debtor, its creditors, and other parties-in-interest, or a debtor-in-possession may liquidate its assets.

The commencement of a Chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Unless the Bankruptcy Court orders the appointment of a trustee, Sections 1107 and 1108 of the Bankruptcy Code provide that a Chapter 11 debtor may continue to operate its business and control the assets of its estate as a "debtor-in-possession," as has the Debtor since the Petition Date.

The filing of a Chapter 11 petition also triggers the automatic stay, which is set forth in Section 362 of the Bankruptcy Code. The automatic stay essentially halts all attempts to collect pre-petition claims from the debtor or to otherwise interfere with the debtor's business or its estate.

B. Plan of Reorganization

Formulation of a plan of reorganization is the principal purpose of a Chapter 11 case. The plan sets forth the means for satisfying the claims of creditors against and interests of equity security holders in the debtor. Unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a Chapter 11 case (the "Exclusive Period"). After the Exclusive Period has expired, a creditor or any other party-in-interest may file a plan, unless the debtor files a plan within the Exclusive Period. If a debtor does file a plan within the Exclusive Period, the debtor is given sixty (60) additional days (the "Solicitation Period") to solicit acceptances of its plan. Section 1121(d) of the Bankruptcy Code permits the Bankruptcy Court to extend or reduce the Exclusive Period and the Solicitation Period upon a showing of adequate "cause."

A plan of reorganization provides the manner in which a debtor will satisfy the claims of its creditors. After the plan of reorganization has been filed, certain holders of claims against or interests in a debtor are permitted to vote on whether to accept or reject the plan. Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization in order for the plan to be confirmed. At a minimum, however, a plan of reorganization must be accepted by at least one (1) Class of claims impaired under the plan, such acceptance being made by the holders of a majority in number and two-thirds (2/3) in amount of the claims actually voting in such Class. The Bankruptcy Code also defines acceptance of a plan

of reorganization by a Class of interests (equity securities) as acceptance by holders of two-thirds (2/3) of the number of interests actually voted.

Classes of Claims or Interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and, thus, are not entitled to vote. Acceptances of the Plan in this case are being solicited only from those persons who hold Claims or Interests in an impaired Class. A Class is "impaired" if the legal, equitable, or contractual rights attaching to the Claims or Interests of that Class are modified. Modification does not include curing defaults and reinstating maturity or payment in full in cash.

Even if all Classes of Claims and Interests accept a plan of reorganization, the Bankruptcy Court may nonetheless still deny confirmation. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation; among other things, the Bankruptcy Code requires that a plan of reorganization be in the "best interests" of creditors and shareholders and that the plan of reorganization be feasible. The "best interests" test generally requires that the value of the consideration to be distributed to claimants and interest holders under a plan may not be less than those parties would receive if that debtor were liquidated under a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code. A plan of reorganization must also be determined to be "feasible," which generally requires a finding that there is a reasonable probability that the debtor will be able to perform the obligations incurred under the plan of reorganization, and that the debtor will be able to continue operations without the need for further financial reorganization.

The Bankruptcy Court may confirm a plan of reorganization even though fewer than all of the classes of impaired claims and interests accept it. In order for a plan of reorganization to be confirmed despite the rejection of a Class of impaired claims or interests, the proponent of the plan must show, among other things, that the plan of reorganization does not discriminate unfairly and that the plan is fair and equitable with respect to each impaired Class of claims or interests that has not accepted the plan of reorganization.

Under Section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a Class if, among other things, the plan provides: (a) that each holder of a claim included in the rejecting Class will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such Class will not receive or retain on account of such junior claim or interest any property at all.

The Bankruptcy Court must further find that the economic terms of the plan of reorganization meet the specific requirements of Section 1129(b) of the Bankruptcy Code with respect to the particular objecting Class. The proponent of the plan of reorganization must also meet all applicable requirements of Section 1129(a) of the Bankruptcy Code (except Section 1129(a)(8) if the proponent proposes to seek confirmation of the plan under the provisions of Section 1129(b)). These requirements include the requirement that the plan comply with applicable provisions of the Bankruptcy Code and other applicable law, that the plan be proposed in good faith, and that at least one impaired Class of creditors has voted to accept the plan.

III.
VOTING PROCEDURES AND REQUIREMENTS FOR CONFIRMATION

If you are in one of the Classes of Claims whose rights are affected by the Plan (see "Summary of the Plan" below), it is important that you vote. If you fail to vote, your rights may be jeopardized.

A. "Voting Claims" -- Parties Entitled to Vote

Pursuant to the provisions of Section 1126 of the Bankruptcy Code, holders of Claims or Interests that are (i) allowed, (ii) impaired, and (iii) that are receiving or retaining property on account of such Claims or Interests pursuant to a plan, are entitled to vote either for or against that plan (hereinafter, "Voting Claims"). Accordingly, in this Bankruptcy Case, any holder of a Claim classified in Classes of the Plan may have a Voting Claim and should have received a ballot for voting (with return envelope) in these Disclosure Statement and Plan materials (hereinafter, the "Solicitation Package") since these are the Classes consisting of impaired Claims or Interests that are receiving property.

If a controversy arises as to whether any Class of Claims or Class of Equity Interest is impaired under the Plan, such Class shall be treated as specified in the Plan unless prior to Confirmation of the Plan the Bankruptcy Court determines such controversy differently upon motion of the party challenging the characterization of a particular Class of Claims or Class of Equity Interest under the Plan.

As referenced above, a Claim must be allowed to be a Voting Claim. The Debtor filed schedules in this Bankruptcy Case listing Claims against the Debtor. To the extent a creditor's Claim was listed in the Debtor's schedules, and was not listed as disputed, contingent, or unliquidated, it is deemed "allowed." Any creditor whose Claim was not scheduled, or was listed as disputed, contingent or unliquidated, must have timely filed a proof of Claim in order to have an "allowed" Claim. The last day for filing Proofs of Claim for amounts owed pre-petition was May 11, 2016. Absent an objection to that Proof of Claim, it is deemed "allowed." In the event that any Proof of Claim is subject to an objection by the Debtor, as of or during the Plan voting period (an "Objected-to Claim"), then, by definition, it is not "allowed," for purposes of Section 1126 of the Bankruptcy Code, and is not to be considered a Voting Claim entitled to cast a ballot. Nevertheless, pursuant to Bankruptcy Rule 3018(a), the holder of an Objected-to Claim may petition the Bankruptcy Court, after notice and hearing, to allow the Claim temporarily for voting purposes in a amount which the Bankruptcy Court deems proper. Any order of the Bankruptcy Court estimating a Claim for voting purposes must be entered on or prior to the deadline for voting on the Plan. Allowance of a Claim for voting purposes, and disallowance for voting purposes, does not necessarily mean that all or a portion of the Claim will be allowed or disallowed for distribution purposes and allowance of a Claim for voting purposes shall not affect authorized objecting parties' rights to object to and prosecute such objection to all or a portion of such Claim.

By Enclosing Ballots, The Debtor Is Not Representing That You Are Entitled To Vote On The Plan.

If you believe you are a holder of a Claim in an impaired Class under the Plan and are entitled to vote to accept or reject the Plan, but did not receive a ballot with these materials, please contact James B. Jameson, James B. Jameson & Associates, P.C.; P.O. Box 980575, Houston, TX 77098.

B. Return of Ballots

If you are a holder of a Voting Claim with respect to the Plan, your vote is important. Completed ballots should be returned in the enclosed envelope to:

James B. Jameson
James B. Jameson & Associates, P.C.
P. O. Box 980575
Houston, TX 77098

1. Voting Record Date

Pursuant to Bankruptcy Rule 3017(c), _____, 2016 is the "Voting Record Date" for determining which holders of Voting Claims may be entitled to vote to accept or reject the Plan. Only holders of record of a Claim against the Debtor on that date are entitled to cast ballots.

2. Deadline for Submission of Ballots

BALLOTS MUST BE SUBMITTED TO COUNSEL FOR THE DEBTOR, AND MUST ACTUALLY BE RECEIVED, WHETHER BY MAIL OR EXPRESS DELIVERY, BY 5:00 P.M. HOUSTON CENTRAL TIME ON _____, 2016 (THE "BALLOT RETURN DATE"). ANY BALLOTS RECEIVED AFTER THAT TIME WILL NOT BE COUNTED. ANY BALLOT THAT IS NOT EXECUTED BY A PERSON AUTHORIZED TO SIGN SUCH BALLOT WILL NOT BE COUNTED.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, CONTACT JAMES B. JAMESON, JAMES B. JAMESON & ASSOCIATES, P.C., P.O. BOX 980575 HOUSTON, TEXAS 77098 DIRECT LINE: (713) 807-1705; EMAIL: JBJAMESON@JAMESONLAW.NET.

THE DEBTOR URGES ALL HOLDERS OF VOTING CLAIMS TO VOTE IN FAVOR OF THE FIRST AMENDED PLAN.

C. Confirmation of Plan

1. Solicitation of Acceptances

The Debtor is soliciting the vote of holders of Voting Claims for the Plan. The cost of any solicitation by the Debtor will be borne by the Debtor. No other additional compensation shall be received by any party for any solicitation other than as disclosed to the Bankruptcy Court.

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE THAT ARE OTHER THAN HEREIN CONTAINED SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THIS IS A SOLICITATION SOLELY BY THE DEBTOR AND IS NOT A SOLICITATION BY ANY SHAREHOLDER, ATTORNEY, OR ACCOUNTANT FOR THE DEBTOR. THE REPRESENTATIONS, IF ANY, MADE HEREIN ARE THOSE OF THE DEBTOR AND NOT OF SUCH SHAREHOLDERS, ATTORNEYS, OR ACCOUNTANTS, EXCEPT AS MAY BE OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED.

Under the Bankruptcy Code, a vote for acceptance or rejection of a plan may not be solicited unless the claimant has received a copy of a disclosure statement approved by the Bankruptcy Court prior to, or concurrently with, such solicitation. This solicitation of votes on the Plan is governed by Section 1125(b) of the Bankruptcy Code. Violation of Section 1125(b) of the Bankruptcy Code may result in sanctions by the Bankruptcy Court, including disallowance of any improperly solicited vote.

Absolute Priority Rule: The Bankruptcy Code requires that if the shareholders of the Debtor are to retain their stock, then all classes of impaired claims must either accept the treatment provided for in the proposed plan, or be paid the full amount of their Allowed Claims as of the Effective Date. The Plan provides that the equity holders shall retain their stock in the Debtor and continue to operate their business under the present management. Therefore, since unsecured creditors holding Allowed Claims may not receive one hundred percent (100%) payment of their claims on the Effective Date, all classes must vote to accept the proposed Plan.

2. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied with respect to the

Plan, in which event the Bankruptcy Court shall enter an order confirming the Plan. For a plan to be confirmed in a commercial case, Section 1129 requires that[1]:

(i) The Plan complies with the applicable provisions of the Bankruptcy Code;

(ii) The Debtor has complied with the applicable provisions of the Bankruptcy Code;

(iii) The Plan has been proposed in good faith and not by any means forbidden by law;

(iv) Any payment or distribution made or promised by the Debtor or by a person issuing securities or acquiring property under the Plan for services or for costs and expense in connection with the Plan has been disclosed to the Bankruptcy Court, and any such payment or distribution made before the confirmation of the Plan has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable, or if such payment or distribution is to be fixed after confirmation of the Plan, such payment or distribution is subject to the approval of the Bankruptcy Court as reasonable;

(v) The Debtor has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the Debtor under the Plan; the appointment to, or continuance in, such office of such individual is consistent with the interests of Creditors and holders of Interests and with public policy; and the Debtor has disclosed the identity of any insider that will be employed or retained by the Debtor after Confirmation and the nature of any compensation for such insider;

(vi) With respect to each impaired Class of Claims or Interests, either each holder of a Claim or Interest of the Class has accepted the Plan or will receive or retain under the Plan on account of that Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the Claims of an impaired Class, each holder of a Claim of that Class will receive or retain under the Plan on account of that Claim property of a value, as of the Effective Date, that is not less than the value of that holder's interest in the Debtor's interest in the property that secures that Claim;

(vii) Each Class of Claims or Interests has either accepted the Plan or is not impaired under the Plan;

[1] The Debtor does not have any rates subject to government regulatory commission approval, and the Debtor has no retiree benefits plan.

(viii) Except to the extent that the holder of a particular Administrative Claim or Priority Claim has agreed to a different treatment of its Claim, the Plan provides that Administrative Claims and non-Tax Priority Claims shall be paid in full on the Effective Date or the date on which it is Allowed. Pre-Petition Priority Tax Claims must be paid in full over a not more than six year period from date of assessment;

(ix) If a Class of Claims or Interests is impaired under the Plan, at least one Class of Claims or Interests that is impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim or Interest of that Class; and

(x) 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 under the Plan, unless such liquidation or reorganization is proposed in the Plan.

(xi) All fees of the U.S. Trustee have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Debtor believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code and that the Plan is proposed in good faith. The Debtor believes it has complied or will have complied with all the requirements of the Bankruptcy Code with respect to the Plan.

3. Acceptances Necessary to Confirm the Plan

Voting on the Plan by each holder of a Claim or Interest of the Debtor is important. Chapter 11 of the Bankruptcy Code does not require that each holder of a Claim or Interest vote in favor of the Plan in order for the Court to confirm the Plan. Generally, to be confirmed under the acceptance provisions of Section 1126(a) of the Bankruptcy Code, the Plan must be accepted by each Class of Claims that is impaired under the Plan by Class members holding at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class actually voting in connection with the Plan; in connection with a Class of Interests, more than two-thirds (2/3) of the Interests actually voted must accept to bind that Class. Even if all Classes of Claims and Interests accept a Plan, the Bankruptcy Court may refuse to confirm the Plan.

4. Cramdown

In the event that any impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its claims or equity interests. "Fair and equitable" has different meanings for holders of secured and unsecured claims and equity interests.

With respect to a secured claim, "fair and equitable" means either (i) the impaired secured creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at least equal to the allowed amount of its claims with a present value as of the Effective Date of the Plan at least equal to the value of such creditor's interest in the property securing its liens, (ii) property subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (i) or (iii) hereof, or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its claim under the Plan.

With respect to an unsecured claim, "fair and equitable" means either (i) each impaired creditor receives or retains property of a value equal to the amount of its allowed claim; or (ii) the holder of any claim or equity interest that is junior to the claims of the dissenting Class will not receive any property under the Plan.

With respect to equity interests, "fair and equitable" means either (i) each impaired equity interest receives or retains, on account of that equity interest, property of a value equal to the greater of the allowed amount of any fixed liquidation preference to which the holder is entitled, any fixed redemption price to which the holder is entitled, or the value of the equity interest; or (ii) the holder of any equity interest that is junior to the equity interest of that Class will not receive or retain under the Plan, on account of that junior equity interest, any property.

In the event one or more Classes of impaired Claims or Interests rejects or is deemed to have rejected the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims or Interests.

The Debtor believes that the Plan does not discriminate unfairly and is fair and equitable with respect to each Class of Claims and Interests that is impaired.

IV.
BACKGROUND OF THE DEBTOR

A. Background and Business of the Debtor

The primary business activity of Aurora Operating, LLC is to operate and manage certain oil and gas properties owned by Aurora Energy Corporation ("AEC") and Metona Energy III, LP ("Metano"). The oil and gas properties are part of the Swenson Ranch Field located in Throckmorton County, Texas. AEC owns approximately 70% of the working interest and the other 30% is owned by Metano. The Debtor serves as a contract operator pursuant to the terms and provisions of a Joint Operating Agreement executed by the working interest owners on or about April 1st, 2015.

Aurora Operating, LLC is a foreign limited liability company transacting business in Texas. It was organized under the laws of the state of Delaware on March 18, 2015. Aurora Operating, LLC is owned by a sole member AEC and is registered with the Texas Railroad Commission as an Operator (No. 036924).

The Debtor was contracted by AEC on April, 1st 2015 to drill new horizontal well for oil production on Swenson Ranch and re-complete one of the existing vertical wells into a salt water disposal well. Aurora Operating, LLC has prepared Field Development Plan to drill more than forty (40) oil producing wells across the Swenson Ranch Field.

Prior to the bankruptcy filing, the Debtor drilled and successfully completed the Swenson Ranch 185-1H Well (API number 42-447-36637) and the salt water disposal well Swenson Ranch185-1RE (42-447-34788). The Swenson Ranch 185-1H Well (the "Swenson No. 1 Well") began production of oil and other hydrocarbons on or about August 15th, 2015.

On or about January 11th 2016 the Swenson No. 1 Well was shut in to conduct a well test to obtain reservoir characteristics and build pressure. The well is has returned to production since June, 2016, but is in need of salt water disposal capabilities to achieve optimum production. Metano has elected to go non-consent with respect to the work-over requirements. The Debtor has implemented a salt water disposal pump to enhance production from the Swenson No. 1 Well. Based on the historical production history, the production of salt water will decline in favor of increased oil and gas production . A detailed description of the historical and post-petition production analysis is contained in the Appendix.

B. Prepetition Financing Transactions.

The Debtor had no pre-petition financing prior to the bankruptcy filing. All operational funding has been made by private equity sources.

C. Summary of the Assets and Liabilities of the Debtor

A complete description of the assets and liabilities of the Debtor is specifically set forth in the Schedules and Statement of Financial Affairs which were filed with the Bankruptcy Court. The summary description below should not be relied upon as a substitute for or an amendment of the filings with the Bankruptcy Court. Each creditor and party in interest should refer to the

documents on file with the Bankruptcy Court for a complete description of the Debtor's assets and liabilities.

Assets

Cash and Cash-Equivalent Assets

As of the Petition Date, Aurora Operating, LLC held the following: (i) cash in the form of Cash or deposit account in the amount of seventy-six thousand eight hundred twelve dollars and seven cents ($ 76,812.07); accounts receivable in the amount of approximately $1.58 Million Dollars attributable to the outstanding joint interest billings owed by Aurora Energy Corporation.

As of the Petition Date, Aurora Operating, LLC owned no furniture, fixtures, or equipment. Company had no interest in any of the oil and gas properties that it operated.

Oil and Gas Properties

The Debtor serves as the contract operator for the working interest owners of the Swenson Ranch Field, located on 13,219.89 acres of land in Throckmorton County, Texas. As of the Petition Date, there is only one (1) producing well known as the Swenson Ranch 185-1H Well (API number 42-447-36637). The Debtor has no interest in any oil and gas properties.

At the time of an acquisition, and prior to the dramatic drop in energy prices, the entire Swenson Ranch acreage was valued by AEC at five hundred dollars per acre ($500/acre), which was on a promoted basis and based on the premise that average well production from the entire Swenson Ranch Field would be 250 barrels of oil per day. Those valuations are no longer reliable and cannot be verified without established production history. Aurora Energy Corporation contends that based on its current internal evaluation of the entire 13,219.89 Swenson Ranch leasehold acreage, the non-drill site acreage of the Swenson Field has no realizable value based on current market conditions.

The Debtor, nor AEC have contracted or conducted a third party reserve report. The Debtor contends that until such time as the Swenson No. 1 Well has achieved stable production, a detailed and reliable analysis of the production or value of proven reserves, is not possible.

The Debtor contends that the value of the working interest in the Swenson No. 1 Well, (the well site acreage) owned by AEC , and which will be conveyed to the Debtor under the Plan, exceeds the amount of the outstanding joint interest billings owed to the Debtor. Therefore, the production from the the current producing well will provide the creditors with an income stream that will optimize their recovery in the shortest possible time frame.

Liabilities

Administrative and Priority Claims

As of the Petition Date, there were no claims by any state or local taxing authorities against the Debtor attributable to Ad Valorem property taxes assessed against the Property and equipment. The IRS has not filed a claim against the Debtor and all federal tax returns have been timely filed. There are no other Priority Claims against the Debtor other than claims for Professional Fees by Debtor's Counsel and the accounting professionals. The Debtor estimates that Professional Fees of Debtor's Counsel and accounting fees, shall be approximately Fifty Thousand Dollars ($50,000.00).

At this time, the Debtor expects that all Executory Contracts or Leases set forth on the Debtor's schedules will be assumed; however, the Debtor is not aware of any related cure costs. All royalties and post-petition operational expenses are current.

Secured Claims

There are no secured claims against the Debtor, other than purported lien claims filed by Class 2 Creditors.

Unsecured Claims

As of the Petition Date, the Debtor had unsecured creditors holding Unsecured Claims totaling approximately 2.3 Million and No/100 Dollars ($2,300,000.00).

V.
THE CHAPTER 11 CASE

A. Events Leading to the Chapter 11 Filing

After successfully drilling and completing the Swenson No. 1 Well, the Debtor, along with all operators in the oil and gas industry, experienced rapidly declining oil and gas prices. The declining oil prices, in turn, resulted in the Debtor being unable to satisfy its ongoing operational expenses.

In order to maximize the return on investment and to enhance revenue, the Debtor elected to shut in production of the Swenson No. 1 Well. The Debtor anticipated that this action would minimize ongoing expenses and to allow the Swenson No. 1 Well to increase pressure and more efficiently produce oil and other hydrocarbons. This action would in turn would result in an increase in the Debtor's revenue stream to fund the Plan.

B. Management of the Debtor

The Debtor is owned by its Aurora Energy Corporation. Management has not received a dividend or other renumeration from the Debtor other than their salary and medical benefits in accordance with Company policies and employment agreement. Total officers salaries are $20,000.00 per month. Mr. Andrey Platunov serves as President and Managing Director. Mr. Platunov serves as the day to day operations manager of the Debtor and is responsible for all financial and operational matters. Mr. Platunov shall not be paid any further compensation to serve as the Plan Trustee.

C. Procedural History

Upon the filing of the Chapter 11 case, the Debtor continued to serve as the contract operator for the Swenson No. 1 Well for the benefit of the working interest owners and to serve as a Debtor in Possession. A detailed description of the procedural history is outlined below:

1. On or about January 11th, 2016, the Debtor filed a *Voluntary Petition for Relief* under Chapter 11 of Title 11 of the United States Bankruptcy Code [Docket No. 1]. All Schedules were filed with the Voluntary Petition. The Statement of Financial Affairs was filed on January 11th, 2016 [Docket No. 2].

2. On or about February 3rd, 2016, the Debtor filed its *Application for Interim and Final Approval of Employment of Craig H. Cavalier as Attorney for the Debtor [Docket No. 15]*. Such Application is pending before the Court.

3. On or about March 3rd, 2016, the Debtor filed its *Application to Employ Eddye Financial Services as Accountants for the Debtor*, [Docket No. 32]. The Court entered its order granting such Application on March 12, 2016 [Docket No. 40].

The Debtor has filed Monthly Operating Reports for the period in which the Debtor has been operating under Chapter 11.

Several creditors have filed *Notices of Lien Perfection Pursuant to Section 546(b) of the Bankruptcy Code.* Such creditors shall be treated under Class 2 of the Debtor's Plan.

D. Preferences

Under federal bankruptcy law, a debtor-in-possession may avoid pre-petition transfers of assets of a debtor as "preferential transfers." To constitute a preferential transfer, the transfer must be (1) of the debtor's property; (2) to or for antecedent debt; (3) made while the debtor was insolvent; (4) made within ninety (90) days before the filing of a bankruptcy petition or made within one year if to an "insider"; and (5) a transfer that enables the creditor to receive more than it would receive under Chapter 7 liquidation of the debtor's assets. For this purpose, the Bankruptcy Code creates a rebuttable presumption that the debtor was insolvent during the ninety (90) days immediately before the filing of the bankruptcy petition. At this time, the Debtor has not completed a formal analysis to determine what, if any, preferential transfers were made prior to the filing of the Bankruptcy Case. The right to avoid and recover is specifically

reserved under the Plan and the Debtor may seek to avoid and recover preferential transfers as, and to the extent, it deems appropriate. Some or all of these payments may be avoided and recovered as preferential transfers.

E. Fraudulent Transfers

Fraudulent transfer law generally is designed to avoid two types of transactions: (i) conveyances that constitute "actual fraud" upon creditors, and (ii) conveyances that constitute "constructive fraud" upon creditors. In the bankruptcy context, fraudulent transfer liability arises under Section 548 and 544 of the Bankruptcy Code. Section 548 permits the debtor-in-possession to "reach back" for a period of two years to avoid fraudulent transfers made by the Debtor or fraudulent obligations incurred by the Debtor, and Section 544 permits the debtor-in-possession to apply applicable state fraudulent transfer law to any such action. Assuming that Texas state law were to apply, the debtor-in-possession could challenge conveyances, transfers or obligations made or incurred by the Debtor within the past four (4) years if similar requirements are met.

The Debtor is still investigating whether there are any other transfers that constitute fraudulent transfers. The Debtor's right to seek to avoid and recover any fraudulent transfer is specifically preserved under the Plan and the Debtor may seek to avoid and recover any fraudulent transfer which may exist as, and to the extent, it deems appropriate.

F. Post-Petition Operations

Copies of the Debtor's Monthly Operating Reports reflecting the results of the Debtor's operations for each month the Debtor has been in bankruptcy are on file with the Clerk of the Bankruptcy Court.

VI.
DESCRIPTION OF THE PLAN

A. Introduction

The proposed Plan provides for payment of all Allowed Claims in full from the Net Production Revenue attributable to the Swenson No. 1 Well. The Plan Trustee, on behalf of the Debtor, will receive an assignment from Aurora Energy of its working interest in the Swenson No. 1 Well in order to fund the Plan. The Debtor believes that the working interest of Aurora Energy is at least equal to the amount of its outstanding joint interest billings. Aurora Energy shall retain its interest in the Swenson Ranch Field and continue to develop other drilling prospects. The Debtor shall pay for the work over services that are needed in order to produce the Swenson No. 1 Well. Such funding shall be from the pre-petition production revenue and from the collection of past due joint interest billings from Aurora Energy.

The Plan also provides for the establishment of a Plan Trust to fund the Class 2, 3 and 4 Allowed Claims from the Net Production Revenue attributable to the Swenson No. 1 Well. Mr. Andrey Platnov is the proposed Plan Trustee for the benefit of Class 2, 3 and 4 Allowed Claims. Upon confirmation, a segregated bank account shall be established for the purpose of distribution and funding of Allowed Claims against the estate. The production revenue from the Swenson

No. 1 Well shall not be commingled with other production revenues from the Swenson Field. The proposed Plan Trustee shall not receive any compensation for serving as the initial Plan Trustee so long as he is also employed by the Debtor. In the event a substitute Plan Trustee is necessary, the Substitute Plan Trustee may be appointed by the Bankruptcy Court and any compensation approved at that time. A copy of the Plan and all appendices is attached hereto.

B. Designation of Claims and Interests

The following is a designation of the Classes of Claims and Interests under the Plan. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims described in Article 3 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 is an Allowed Claim or Allowed Interest in that Class and has not been paid, released or otherwise satisfied before the Effective Date; a Claim or Interest which is not an Allowed Claim or Interest is not in any Class. Notwithstanding anything to the contrary contained in the Plan, no distribution shall be made on account of any Claim or Interest which is not an Allowed Claim or Allowed Interest.

CLASSIFICATION OF CLAIMS AND INTERESTS

Class	Description	Status
Class 1	Priority Claims and Pre-Petition Ad Valorem Tax Claims	Unimpaired – Not Voting
Class 2	Secured Claims of Creditors that have asserted lien claims under Chapter 56 of the Texas Property Code	Impaired – Voting
Class 3	Unsecured Claims of Trade Creditors (Claims Under $2,000.00)	Impaired – Voting
Class 4	Unsecured Claims of Trade Creditors (Claims Over $2,000.00)	Impaired – Voting
Class 5	Claims of Equity Security Holders	Impaired – Not Voting; Deemed to have Accepted Plan

VII.
TREATMENT OF UNCLASSIFIED CLAIMS

A. Administrative Claims

1. **General**

Each holder of an Allowed Administrative Expense Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim the amount of such Allowed Administrative Expense Claim, in Cash, on or as soon as practicable after the later of (i) the Effective Date; (ii) the date that is ten (10) Business Days after the date such Claim is Allowed; or (iii) such other date as may be agreed upon in writing by the holder of such Claim and by the Debtor.

2. **Payment of Statutory Fees**

All fees payable pursuant to 28 U.S.C. §1930 shall be paid in Cash equal to the amount of such Administrative Claim when due.

3. **Bar Date for Administrative Claims**

All requests for payment or any other means of preserving and obtaining payment of Administrative Expense Claims, other than Ordinary Course Administrative Claims, that have not been paid, released or otherwise settled, including all requests for payment of Professional Fees, must be filed with the Bankruptcy Court and served upon the Debtor no later than the Administrative Expense Claims Bar Date. The Administrative Expense Claims Bar Date shall be thirty (30) days after the Effective Date. Any request for payment of Administrative Expense Claims that is not filed by the Administrative Expense Claims Bar Date will be forever disallowed and barred, and holders of such Claims will not be able to assert such Claims in any manner against the Estate, the Debtor, or any respective Affiliates or Representatives; provided, however, that Ordinary Course Administrative Claims shall be paid in the ordinary course of the Debtor's business and, if applicable, pursuant to the terms agreed upon by the Debtor and such Creditors.

VIII.
CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS

A. *Class 1 – Allowed Priority Claims and Pre-Petition Ad Valorem Tax Claims*

1. ***Classification:*** Class 1 of the Plan consists of Allowed Priority Claims and Pre-Petition Ad Valorem Tax Claims against the Debtor.

2. ***Treatment***: Class 1 of the Plan is unimpaired and the holders of Allowed Priority Claims in Class 1 of the Plan will not vote on the Plan To the extent not paid prior to the Effective Date of the Plan, each holder of an Allowed Priority Claim shall receive in full satisfaction, release and discharge of and in exchange for such Claim the amount of such Allowed Priority Claim, in Cash, on or as soon as practicable after the latest of (i) the Effective Date; (ii) the date that is ten (10) Business Days after the date such Claim is Allowed; (iii) such other date as may be agreed upon in writing by the holder of such

Claim and the Debtor, but in no event later than December 31st, 2016.; or (iv) such date that is established by Texas statute as the date Ad Valorem Taxes are due and owing. Furthermore, all Allowed Ad Valorem Tax Claims shall retain their liens against the Debtor's property (both real and personal) in the same priority as their pre-petition statutory liens. As of the Bar Date, no Class 1 Creditors have filed a claim.

B. ***Class 2 – Secured Claims of Pre-Petition Creditors that have asserted perfected liens pursuant to Chapter 56 of the Texas Property Code***

1. ***Classification****:* Class 2 Secured Claim of Class 2 consists of the Allowed Secured Claims of Creditors that have asserted perfected liens pursuant to Chapter 56 of the Texas Property Code. The Debtor has not completed its analysis or review of the validity, priority or extent of such lien claims and reserves the right to object to the Class 2 Claims prior to confirmation.

2. ***Treatment*****:** In full satisfaction, release and discharge of, and in exchange for, their respective Allowed Secured Class 2 Claim, the Debtor shall satisfy such Claims in full, from the Net Production Revenue attributable to the Swenson 185-1H Well located in Throckmorton County, Texas currently operated by the Debtor (the "Swenson No. 1 Well"). It is anticipated that such payments will be made by the Plan Trustee on a pro-rata basis over a Eighteen (18) to Thirty-Six (36) month period from the Effective Date of the Plan.

On the Effective Date, any validly perfected liens or encumbrances filed by a Class 2 Creditor with an Allowed Claim, shall be limited to the drill site acreage of the Swenson No. 1 Well and the Net Production Revenue attributable thereto. Any Allowed Class 2 Claim shall not encumber any other acreage of the Debtor or the current working interest owners in the Swenson Ranch Field. Any future oil and gas revenues attributable to any other wells drilled on the Swenson Ranch Field shall not be encumbered or used by the Debtor to fund the Plan.

2.(a) The Class 2 Claims are Impaired. There are approximately eleven (11) creditors that have filed claims in the amount of $869,890.19 and may be classified as Class 2 Creditors.

C. ***Class 3 – Unsecured Claims (Not Exceeding $2,000)***

1. ***Classification*****:** Class 3 consists of Unsecured Allowed Claims against the Debtor that do not exceed Two Thousand and No/100 Dollars ($2,000.00)

2. ***Treatment:*** In full satisfaction, release and discharge of, and in exchange for, all of their respective Allowed Unsecured Claims, each older of an Allowed Unsecured Claim in Class 3, consisting of Unsecured Claims exceeding Two Thousand and No/100 Dollars ($2,000.00), shall receive payment in full, but in two (2) installments. The first (1st) installment shall be made thirty (30) days after the Effective Date in an amount equal to fifty percent (50%) the Allowed Claim of each Unsecured Claimant in Class 3. The balance of the claim shall be paid one hundred eighty (180) days after the Effective Date of the Plan.

2. (a) ***Alternatively, if a holder of an Allowed Class 3 Claim elects to reduce its claim to fifty percent (50%) of its allowed claim, it shall be paid ten (10) days after the Effective Date after payment in full of all Administrative Claims.***

2. (b) Class 3 is Impaired. There are approximately ten (10) creditors that comprise Class 3 with claims in the amount of Nine Thousand Four Hundred Sixty-Seven and 4/100 Dollars ($9,467.64)

D. ***Class 4 – Unsecured Claims (Exceeding $2000)***

1. ***Classification:*** Class 4 consists of Allowed Unsecured Claims against the Debtor that exceed Two Thousand and No/100 Dollars ($2,000.00)

2. ***Treatment:*** In full satisfaction, release and discharge of, and in exchange for, all of their respective Allowed Unsecured Claims, each holder of an allowed Unsecured Claim in Class 4, consisting of Unsecured Claims exceeding Two Thousand and No/100 Dollars ($2,000.00), shall receive (i) and initial cash payment equal to five percent (5%) of their allowed Unsecured Claim made within ninety (90) days after the Effective Date and (ii) a prorata share of the Net Production Revenue attributable to the Swenson No. 1 Well as described herein and in the Debtor's Plan. It is anticipated that such payments shall be made by the Plan Trustee on a pro rata basis over an Eighteen (18) to Thirty-Six (36) Month period from the Effective Date of the Plan. Class 4 Allowed Claims shall be paid in full.

2. (a) ***Alternatively, a holder of an allowed class 4 Claim may elect to reduce its Allowed Claim to two thousand dollars ($2,000.00) and be treated in accordance with Class 3.***

2. (b) Class 4 is Impaired. There are approximately 33 creditors that comprise Class 4, with claims in the amount of One Million, Four Hundred Seventy Three Thousand, Seven Hundred Forty Five and 11/100 ($1,473,745.11)

E. ***Class 5 – Equity Interests.***

1. ***Classification*:** Class 5 consists of all equity security holders of the Debtor as of the Petition Date.

2. ***Treatment:*** On the Effective Date, all Equity Interests shall be cancelled and extinguished. New shares of stock shall be issued to the holders of Equity Interests. However, until all superior classes of claims are satisfied, holders of Class 5 Equity Interests shall not receive or retain distributions or dividends on account of their Equity Interests.

1.(a) Class 5 is Impaired and is deemed to have accepted the Plan.

IX.
ACCEPTANCE OR REJECTION OF THE PLAN

A. ***Classes and Claims Entitled to Vote.*** Each holder of an Impaired Claim (other than a Claim or Interest that will receive no recovery under this Plan) shall be entitled to vote to accept or reject this Plan. Classes of Claims not impaired under this Plan shall not be entitled to vote to accept or reject this Plan and shall be presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Class 1 is not impaired and hence are presumed to have accepted this Plan. Class 2 is a secured claim to the extent of the value of the collateral and is impaired and therefore is entitled to vote to accept or reject this Plan. Classes 3 and 4 are impaired and therefore are entitled to vote to accept or reject this Plan. Class 5, which comprises the holders of Equity Interests, will receive no recovery (unless and until all superior classes of claims are satisfied), is impaired; however, each holder of Equity Interests is deemed to have voted to accept this Plan.

B. ***Cramdown.*** If all applicable requirements for confirmation of this Plan are met as set forth in sections 1129(a)(1) through (13) of the Bankruptcy Code, except subsection (8), the Debtor shall request that the Bankruptcy Court confirm this Plan in accordance with section 1129(b) of the Bankruptcy Code, so long as at least one impaired Class of Claims has accepted this Plan, on the basis that this Plan is fair and equitable and does not discriminate unfairly with respect to any non-accepting impaired class.

X.

MANNER OF DISTRIBUTION AND FUNDING UNDER THE PLAN

A. ***Creation of Plan Trust:*** On the Effective Date, a trust (the "Plan Trust") is hereby created for the purpose of funding the cash portion of Allowed Class 2, 3 and 4 Unsecured Claims. The Plan Trust will not engage in the conduct of a trade or business. This Plan shall serve as the trust instrument and no other trust instrument shall be prepared or entered into. The Debtors are and shall be treated as the Grantors of the Plan Trust and the Debtors are owners of the res being transferred to the Plan Trust. The Trust Assets shall consist of (i) the funds necessary to satisfy the Allowed Class 2, 3 and 4 Allowed Claims from the Net Production Revenue attributable to the Swenson No. 1 Well.

B. ***Plan is Trust Instrument***. This Plan shall serve as the trust instrument and no other trust instrument shall be prepared or entered into.

C. ***Beneficiaries of Plan Trust***. Holders of Allowed Claims in Class 2, 3 and 4 shall be the beneficiaries of the Plan Trust. The Plan Trustee, if required by applicable law, shall file federal income tax returns for the Plan Trust pursuant to the applicable provisions of the Internal Revenue Code.

D. ***Distribution Procedures***. Any payments or distributions to be made by the Debtors or the Plan Trustee to Claimants as required by this Plan shall be made only to the holders of Allowed Claims. Any payments or distributions to be made by the Plan Trustee pursuant to this Plan shall be made on or about the Effective Date, or as soon thereafter as practicable, except as otherwise provided for in this Plan. Any payment, delivery or distribution by the Debtors or the Plan

Trustee pursuant to this Plan, to the extent delivered by the United States mail, shall be deemed made when deposited by the Plan Trustee into the United States mail. Distributions or deliveries required to be made by this Plan on a particular date shall be deemed to have been made on such date if actually made on such date or as soon thereafter as practicable taking into account the need to establish reserves and account for Disputed Claims. No payments or other distributions of property shall be made on account of any Claim or portion thereof unless and until such Claim or portion thereof is allowed. The Plan Trustee in his discretion may establish reserves for Disputed Claims, and defer or delay distributions to ensure an equitable and ratable distribution to holders of Allowed Claims, in accordance with the terms of this Plan.

E. ***Appointment of the Plan Trustee***. The Debtor shall continue to operate its business after the Effective Date. However, pursuant to this Plan, the Plan Trustee shall be appointed to collect, administer and distribute revenue in accordance with the terms of this Plan. Whenever this Plan or Plan Documents require or permit notice to the Debtors after the Effective Date, such notice shall be effective only when given to the Plan Trustee. After the Effective Date, the Plan Trustee shall have the right to take all actions that the Debtors would have had the right to take under or with respect to this Plan or otherwise, whether in any specific instance this Plan so provides or not.

F. ***Identity and Employment of the Plan Trustee.*** Mr. Andrey Platunov, President of the Debtor, shall be the proposed Plan Trustee. The Plan Trustee will initially be appointed by the Bankruptcy Court in the Confirmation Order. The Plan Trustee will act as the Estates' representative for all purposes, and will be responsible for, among other things, (i) administering the Trust Assets; (ii) filing, prosecuting and settling Claim objections; (iii) prosecuting and settling the Estates' causes of action; (iv) making distributions and creating reserves in accordance with the terms of this Plan; (v) winding-up and closing the Estates; (vi) abandoning any of the assets of the Debtors if the Plan Trustee concludes that such assets are of no benefit to the Creditors; (vii) enforcing the payment of notes or other obligations of any Person; (viii) opening and maintaining bank accounts on behalf of or in the name of the Debtors; (ix) paying all lawful expenses, debts, charges and liabilities of the Debtors; (x) appointing, engaging, employing, supervising, and compensating officers, employees, and other Persons as may be necessary or desirable, including managers, consultants, accountants, technical, financial, real estate, or investment advisors or managers, attorneys, agents or brokers, corporate fiduciaries, or depositories; (xi) executing, delivering, and performing such other agreements and documents and to take or cause to be taken any and all such other actions as may be necessary or desirable to effectuate and carry out the purposes of the Plan; (xii) undertaking any action necessary to maintain the corporate existence and/or dissolve, the Debtors; (xiii) undertaking any action necessary to ensure that the Debtors are and remain in good standing and compliance with applicable federal, state, and local laws; (xiv) filing any federal, state, or local tax returns and provide for the payment of any related taxes; and (xv) undertaking any action or perform any obligation provided for or required under the Plan.

It will not be required for the Plan Trustee's compensation to be approved by the Bankruptcy Court. The Plan Trustee will be authorized to employ legal and accounting professionals employed by the Debtors pre-confirmation, as well as such other professionals as the Plan Trustee may deem necessary and appropriate, including without limitation employment of

professionals on a contingent fee basis. In case of the resignation or inability to serve of a Plan Trustee, a successor Plan Trustee shall be appointed by the Bankruptcy Court.

G. ***Records.*** The Plan Trustee, on behalf of the Debtors, shall maintain records and account books relating to the Estates' property, the management of the Estates' property, and all transactions undertaken by the Plan Trustee. The Plan Trustee shall also maintain, on behalf of the Debtors, records and account books relating to all Distributions contemplated and made under the Plan.

H. ***Disputed Payments or Distributions.*** In the event of any dispute between or among Claimants as to the right of any Person to receive or retain any distribution to be made to such Person under this Plan, the Debtor may make it instead into a reserve for payment or distribution as ordered by the Bankruptcy Court or as the interested parties to such dispute may otherwise agree among themselves. Any Claimant which fails to raise such dispute by filing an appropriate request for relief with the Bankruptcy Court prior to the issuance of such disputed distribution by the Debtor shall be deemed to have forever waived any right to dispute such distribution or to restrict the use of such distribution.

I. ***Minimum Distribution***. Notwithstanding anything to the contrary in this Plan, the Debtor shall not be required to make aggregate distributions of less than Twenty-Five and No/100 Dollars ($25.00) to any holder of an Allowed Unsecured Claim, unless the Debtor elects to do so.

J. ***Setoff.*** The Debtor may set off any claims of any nature whatsoever that the Debtor or the Estate may have against a Claimant, such Claimant's Claim or the payment or distribution to be made pursuant to this Plan with respect to such Claimant's Claim. Notwithstanding the foregoing, the failure to affect such a setoff will not constitute a waiver or release by the Estate or the Debtor of any such claim against such holder.

K. ***Interest on Claims***. Unless otherwise specifically provided for in this Plan or the Confirmation Order, or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Unsecured Claim.

L. ***Vesting of Property of the Estate in the Debtor***. On the Effective Date, all remaining property of the Debtor and of the Estate, including all rights to object to Claims, all avoidance actions, causes of action, alter-ego rights, derivative claims, breach of fiduciary duty claims, veil piercing rights, the right to pursue such claims and all other remaining property of the estate as defined in § 541 of the Bankruptcy Code, shall vest in the Debtor, free and clear of liens, claims and encumbrances, except as otherwise provided in the Plan and on the condition that the Reorganized Debtor complies with the terms of the Plan, including making all payments to creditors holding Allowed Claims provided for in such Plan. In the event the Reorganized Debtor defaults in performing under the provisions of this Plan, and this case is converted to a case under Chapter 7 of the Bankruptcy Code all property vested in the Reorganized Debtor and all subsequently acquired property owned as of or after the conversion date shall re-vest and constitute property of the bankruptcy estate in the converted case.

XI.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. ***Assumption of Contracts and Leases.*** Pursuant to 11 USC §365, all commercial leases and executory contracts shall be deemed assumed as of the Effective Date, unless the applicable Executory Contracts and Leases have previously been assumed and assigned or rejected by order of the Bankruptcy Court. Rejection of any Executory Contract or Lease shall be pursuant to the terms of the Confirmation Order unless the applicable Executory Contracts and Leases have previously been assumed and assigned or rejected by order of the Bankruptcy Court or as a matter of law.

XII.

CONDITIONS TO EFFECTIVENESS OF THE PLAN

A. ***Conditions Precedent to Effectiveness*** The Plan will not become effective unless and until the following conditions have occurred or been waived in writing by the Debtor:

1. The Bankruptcy Court shall have entered the Confirmation Order in a form and substance satisfactory to the Debtor; and

2. The Confirmation Order shall have been entered on the Court's docket and shall be unstayed.

XIII.

EFFECTS OF PLAN CONFIRMATION

A. ***Satisfaction, Release and Discharge of Claims.*** The Confirmation of this Plan shall discharge the Debtor and its property or assets from all Claims that existed or arose before the Confirmation Date and extinguish completely all liabilities in respect of any Claim or other obligation or Equity Interest, whether reduced to judgment or not, liquidated or unliquidated, contingent or non-contingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that existed or arose from any agreement of the Debtor entered into or obligation of the Debtor incurred before the Confirmation Date, or from any conduct of the Debtor prior to the Confirmation Date, or that otherwise existed or arose prior to the Confirmation Date, including, without limitation, all interest, if any, on any such Claims, Equity Interests or obligations, whether such interest accrued before or after the Petition Date, and including, without limitation, any liability of the kind specified in Sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not a Proof of Claim is filed or deemed filed under Section 501 of the Bankruptcy Code, such Claim is allowed under Section 502 of the Bankruptcy Code, or the holder of such Claim accepted this Plan. The treatment of and consideration to be received by holders of Allowed Claims or Equity Interests pursuant to this Plan are in full satisfaction, settlement, discharge, and release of and in exchange for such holders' respective Claims against or Equity Interests in the Debtor and the Estate.

B. ***Injunction.*** Except as otherwise specifically provided in this Plan or in the Confirmation Order, if the Effective Date occurs, the Confirmation Order shall be deemed to permanently enjoin all Persons that have held, currently hold or may hold a Claim against, or be owed obligations by, the Debtor or the Estate or any Representative of the Debtor or the Estate, or who have held, currently hold or may hold an Equity Interest in the Debtor, from taking any of the following actions on account of such Claim or Equity Interest: (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against the Debtor, the Estate, the Plan Assets, or any respective Affiliates or Representatives; (ii) enforcing, levying, attaching, collecting, or otherwise recovering in any manner or by any means, directly or indirectly, any judgment, award, decree, or order against the Debtor, the Estate, the Plan Assets, or any respective Affiliates or Representatives; (iii) creating, perfecting or enforcing in any manner, directly or indirectly, any lien, charge, encumbrance or other Lien of any kind against the Debtor, the Estate, the Plan Assets, or any respective Affiliates or Representatives; (iv) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtor, the Estate, the Plan Assets, or any respective Affiliates or Representatives; and (v) proceeding in any manner, directly or indirectly, in any place whatsoever against the Debtor, the Estate, the Plan Assets, or any respective Affiliates or Representatives.

C. ***No Liability for Solicitation or Participation.*** Pursuant to Section 1125 of the Bankruptcy Code, Persons that solicit acceptances or rejections of this Plan and/or that participate in the offer, issuance, sale, or purchase of securities offered or sold under or in connection with this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, shall not be liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or the offer, issuance, sale, or purchase of securities.

D. ***Releases and Limitation of Liability of Exculpated Persons.*** The Exculpated Persons shall not have or incur any liability to any Person for any act taken or omission made in good faith in connection with or in any way related to negotiating, formulating, implementing, confirming, or consummating this Plan, the Disclosure Statement or any contract, instrument, filing with governmental agencies, release, or other agreement or document created in connection with or related to this Plan, any prior plan or disclosure statement of the Debtor, or the administration of the Bankruptcy Case, nor with respect to any liability, claim or cause of action, whether known or unknown, asserted or unasserted, belonging to or assertable by the Debtor or the Estate against the Exculpated Persons, from the beginning of time until the Effective Date. The Exculpated Persons shall have no liability to any Person for actions taken in good faith under or relating to this Plan or in connection with the administration of the Bankruptcy Case including, without limitation, failure to obtain confirmation of this Plan or to satisfy any condition or conditions precedent, or waiver of or refusal to waive any condition or conditions precedent to Confirmation or to the occurrence of the Effective Date. Further, the Exculpated Persons shall not have or incur any liability to any Person for any act or omission in connection with or arising out of their administration of this Plan, except for gross negligence or willful misconduct as determined by the Bankruptcy Court.

E. ***Term of Injunctions and Stays.*** Unless otherwise specifically provided in this Plan or the Confirmation Order, all injunctions or stays provided for in the Bankruptcy Case pursuant to

sections 105, 362 or 524 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

XIV.
CONFIRMABILITY OF THE PLAN AND CRAMDOWN

The Debtor requests Confirmation of the Plan under Section 1129(b) of the Bankruptcy Code if any impaired Class does not accept the Plan pursuant to Section 1126 of the Bankruptcy Code. In that event, the Debtor reserves the right to modify the Plan to the extent, if any, that Confirmation of the Plan under Section 1129(b) of the Bankruptcy Code requires modification.

XV.
FEASIBILITY OF THE PLAN

A. ***Feasibility.*** Section 1129(a)(11) of the Bankruptcy Code requires 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 successors to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Plan proposed by the Debtor provides for payment in full to the Allowed Claims as provided in the Plan. The ability of the Debtor to make the payments to fund the unsecured claims depends on the future earnings of the Debtor and production from the Swenson No. 1 Well. Based on the Debtor's analysis of its operations and market conditions, the Debtor believes that the Plan is feasible and meets the requirements of Section 1129(a)(11) of the Bankruptcy Code.

B. ***Alternatives to Confirmation of the Plan*** There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtor's Chapter 11 bankruptcy case, (b) the Debtor's Chapter 11 bankruptcy case could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative plan of reorganization proposed by some other party.

1. *Dismissal* If a Debtor's bankruptcy case were to be dismissed, the Debtor would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. Dismissal would force a race among the creditors to the courthouse to attach the process of the sale (after payment of secured creditors). In the event of dismissal, even the most diligent unsecured creditors would likely fail to realize any significant recovery on their claims.

2. *Chapter 7 Liquidation* If the Plan is not confirmed, it is possible that the Debtor's Chapter 11 case will be converted to a case under Chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed to distribute the proceeds to creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, secured creditors, Administrative Claims and Priority Claims are entitled to be paid in cash and in full before unsecured creditors receive any funds.

If the Debtor's Chapter 11 case were converted to Chapter 7, the present Priority Claims may have a priority lower than priority claims generated by the Chapter 7 case, such as the Chapter 7 trustees' fees or the fees of attorneys, accountants and other professionals engaged by the trustee.

The Debtor believes that liquidation under Chapter 7 would result in significant delay and far smaller distributions being made to Creditors than those provided in the Plan. Conversion to Chapter 7 would give rise to additional delay and administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee. In a Chapter 7 liquidation, it is likely that general unsecured creditors would receive a significantly smaller, if any, distribution on their claims. The Debtor has prepared and attached a liquidation analysis of the assets if a liquidation of the Debtor was ordered by the Court.

3. *Confirmation of an Alternative Plan* If the Plan is not confirmed, it is possible that a third party would file and pursue confirmation of an alternative plan. However, the Debtor does not believe an alternative plan could differ materially from the Debtor's Plan.

XVI.
RISK FACTORS

Holders of Claims against the Debtor should read and consider carefully the information set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference), prior to voting to accept or reject the Plan. This information, however, should not be regarded as the only risks involved in connection with the Plan and its implementation.

The Holders of Class 2, 3 and Class 4 Claims are subject to the risk of dilution if the amount of Claims is higher than has been estimated. A number of Disputed Claims are material, and the total amount of all Claims, including Disputed Claims, may be materially in excess of the total amount of Allowed Claims assumed in the development of the Plan. The actual amount of Allowed Claims may differ significantly from the estimates set forth herein

In addition, there are inherent risks of litigation in connection with the operation and production from oil and gas properties. Specifically, inherent risks in the operation of oil and gas properties include (i) labor and equipment shortages which cannot be funded by production revenue (ii) prices for oil and gas are subject to fluctuations (iii) governmental regulations may change which could affect distribution .

XVII.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES

A. *Certain Material Federal Income Tax Consequences of the Plan*

The following discussion summarizes certain material federal income tax consequences of the implementation of the Plan to the Debtor and to certain holders of Allowed Claims. This summary does not address the federal income tax consequences to (i) holders of Claims who are deemed to have rejected the Plan in accordance with the provisions of Section 1126(g) of the Bankruptcy Code, (ii) holders whose Claims are entitled to payment in full in cash or are otherwise unimpaired under the Plan (i.e., holders of Allowed Administrative Expense Claims, Allowed Priority Claims, Secured or Unsecured Claims of the Senior Lenders and Other Secured

Claims), or (iii) holders whose Claims are extinguished without distribution in exchange therefore (i.e., Intercompany Claims and Equity Interests).

This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), existing and proposed treasury regulations promulgated thereunder ("Treasury Regulations"), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service ("IRS") as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the federal income tax consequences described below.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtor has not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary does not address state, local or foreign income or other tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, tax-exempt organizations, certain expatriates, or former long term residents of the United States, or pass-through entities or investors in pass-through entities).

XVIII.
CONCLUSION

This Second Amended Disclosure Statement has attempted to provide information regarding the Debtor's Estate and the potential benefits that might accrue to holders of Claims against and Interests in the Debtor under the Plan as proposed. The Plan is the result of extensive efforts by the Debtor, its advisors, and management to provide the creditors with a meaningful dividend. The Debtor believes that the Plan is feasible and will provide each holder of a Claim or Interest against the Debtor with an opportunity to receive greater benefits than those that would be received by any alternative plan or sale of the business to a third party. The Debtor, therefore, hereby urges you to vote in favor of the Plan.

Whether or not you expect to attend the Confirmation Hearing, which is scheduled to commence on _____, 2016, at __:00 __.m. Houston Central Time, in Courtroom No. ____, 515 Rusk, Houston, Texas, you must sign, date, and mail your ballot as soon as possible for the purpose of having your vote count at such hearing. All votes must be returned to: James B. Jameson, James B. Jameson & Associates, P.C., PO Box 980575 Houston, Texas 77098, as indicated on the Ballot on or before 5:00 p.m., Central Time, on _____, 2016. Any ballot which is illegible or which fails to designate an acceptance or rejection of the Plan will be counted as a vote in favor of the Plan.

Dated: July 22, 2016

AURORA OPERATING, LLC

By: */s/ Andrey Platunov*
President and Managing Director

By: */s/ Craig H. Cavalier*

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