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

IN RE:	§	
	§	
GINGER OIL COMPANY	§	**CASE NO. 16-30678-H1-11**
Debtor	§	**(Chapter 11)**
	§	**JUDGE ISGUR**

Debtor's Second Amended Disclosure Statement

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I.
INTRODUCTION

Ginger Oil Company, the debtor in the above-referenced bankruptcy case, submits this Second Amended Disclosure Statement ("Disclosure Statement") pursuant to Bankruptcy Code section 1125 for use in the solicitation of votes on the Debtor's Second Amended Plan of Reorganization (the "Plan"), which is described in Section VII of this Disclosure Statement.

This Disclosure Statement sets forth certain relevant information regarding the Debtor's prepetition operations and financial history. This Disclosure Statement also describes the Plan's terms and provisions, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. This Disclosure Statement also discusses the confirmation process and the voting procedures that holders of Claims must follow for their votes to be counted.

A. Filing of the Debtor's Chapter 11 case

On February 4, 2016, the Debtor filed a Voluntary Petition under Chapter 11 of Title 11 of the United States Code. Since the date of filing, the Debtor has continued to operate as Debtor-in-Possession and no Trustee has been appointed.

B. Purpose of Disclosure Statement

The Debtor submits this Disclosure Statement in accordance with Bankruptcy Code section 1125 to solicit acceptances of the Plan from holders of certain Classes of Claims. The only Claimants whose acceptances of the Plan are sought are those holding Claims within Classes that are "impaired" (as that term is defined in Bankruptcy Code section 1124) by the Plan and who are receiving distributions under the Plan.

In general, the Plan provides that the Reorganized Debtor will continue owning all of its Properties with modified obligations to its secured lender, Independent Bank. Distributions will be made to all other holders of Allowed Claims using available cash on hand as of the Effective Date, loan proceeds, and income generated from the Debtor's oil and gas interests.

The Plan provides for full payment in cash over a five (5) year period to all holders of Allowed Unsecured Claims, as more particularly set forth in the Plan. The holders of the Allowed Secured Claims, Allowed Unsecured Claims (other than Administrative Claims and Priority Tax Claims, but including Insider Claims), and Equity Interests are impaired and the treatment of those claims is set forth in the Chapter 11 Plan. The Reorganized Debtor will object to any objectionable Claims and will escrow payments to disputed creditors until their claims are allowed or disallowed.

The Debtor believes the reorganization proposed in the Plan is reasonable and entirely feasible based on the projections included as Exhibit 1 to this Disclosure Statement. The Debtor's base these projections on the Properties' historical performance with improvement in economic and market conditions in the oil and gas industry.

The Debtor prepared this Disclosure Statement pursuant to Bankruptcy Code Section 1125, which requires that a copy of the Plan, or a summary thereof, be submitted to all holders of Claims against, and Equity 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 Claimants and Equity Interest Holders to make an informed judgment in exercising his or her right to vote on the Plan. The Plan is described in Section VII of this Disclosure Statement.

The Bankruptcy Court conditionally approved the Disclosure Statement as containing adequate information to solicit votes on _____. The Bankruptcy Code requires such approval, but this approval 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 in the Plan. Such approval does indicate, however, that the Bankruptcy Court has conditionally determined that the Disclosure Statement meets the requirements of Bankruptcy Code section 1125 and contains adequate information to permit the Claimants to make an informed judgment regarding acceptance or rejection of the Plan.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED HEREIN IS INTENDED SOLELY FOR THE USE OF THE DEBTOR'S CREDITORS AND EQUITY INTEREST HOLDERS IN EVALUATING THE PLAN AND VOTING TO ACCEPT OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON, OR WHETHER TO OBJECT TO, THE PLAN. THE DEBTOR'S REORGANIZATION PURSUANT TO THE PLAN IS SUBJECT TO NUMEROUS CONDITIONS AND VARIABLES, AND THERE CAN BE NO ABSOLUTE ASSURANCE THAT THE PLAN WILL BE EFFECTUATED AS CONTEMPLATED.

THE DEBTOR BELIEVES THAT THE PLAN AND THE TREATMENT OF CLAIMS UNDER THE PLAN IS IN THE BEST INTERESTS OF CLAIMANTS. THE DEBTOR URGES THAT YOU VOTE TO ACCEPT THE PLAN.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED ON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PLAN SHOULD BE REVIEWED CAREFULLY.

C. Hearing on Confirmation of the Plan

The Bankruptcy Court has set _____, at _____ o'clock ___.m. Central Time, as the time and date for the hearing to determine whether the Plan has been accepted by the requisite number of Claimants and whether the other requirements for confirmation of the Plan have been satisfied (the "Confirmation Hearing"). Holders of Claims against and Equity Interests in the Debtor may vote to accept or reject the Plan by completing and delivering the enclosed ballot to Julie M. Koenig, Cooper & Scully, PC., 815 Walker, Suite 1040, Houston, Texas 77002, on or before 4:00 p.m. on _____ . If the Plan is rejected by one or more impaired Classes of Claims or Equity Interests, the Bankruptcy Court may still confirm the Plan, or a modification thereof, under Bankruptcy Code section 1129(b) (commonly referred to as a "cramdown") if it 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 Claims or Equity Interests impaired under the Plan. In the event that this Plan is not confirmed for any reason, an alternative plan may be proposed by the Debtor, or if the Court permits, by any other party. The procedures and requirements for voting on the Plan are described in more detail below.

D. Sources of Information and the Accounting Method Used

1. Sources of Information:

Except as otherwise expressly indicated, the information set forth in this Disclosure Statement and the attached exhibits were provided by the Debtor and its management. The financial information in the exhibits to this Disclosure Statement, including all projections, sales analysis and data, was provided by the Debtor or is based upon data generated by the Debtor or its Professionals.

In addition, certain of the materials contained in this 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, they urge 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 Disclosure Statement and the actual terms of a document, the actual terms of such document shall govern and apply.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified, and neither the delivery of this 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 of this Disclosure Statement.

No statements concerning the Debtor, the value of its properties, or the value of any benefit offered to the holder of a Claim in connection with the Plan should be relied on other than as set forth in this Disclosure Statement. In arriving at a decision, parties should not rely on any representation or inducement made to secure their acceptance or rejection that is contrary to information contained in this Disclosure Statement, and any such additional representations or

inducements should be immediately reported to counsel for the Debtor, Julie M. Koenig, Cooper & Scully, PC., 815 Walker, Suite 1040, Houston, Texas 77002; Julie.Koenig@cooperscully.com.

2. Accounting Method:

The Debtors maintain their books and records in accordance with the cash method of accounting and pursuant to generally accepted accounting principles used in the United States.

II.
EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. The commencement of a Chapter 11 case creates an estate comprising all of the debtor's legal and equitable interests in property as of the date the petition is filed. Bankruptcy Code Sections 1101, 1107 and 1108 provide that a Chapter 11 debtor may continue to control the assets of its estate as a "debtor-in-possession," as the Debtors have done in this case since the Petition Date.

The filing of a Chapter 11 petition also triggers the automatic stay under Bankruptcy Code Section 362. The automatic stay halts essentially all attempts to collect prepetition claims from the debtors or to otherwise interfere with the debtor's business or estate.

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 and security holders in, the debtors.

B. Plan of Reorganization

A plan of reorganization provides the manner in which debtors will satisfy the claims of their creditors. After the plan has been filed, the holders of claims against, or interests in, debtors 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, the debtor vote in favor of a plan in order for confirmation of the plan. At a minimum, however, a plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting from at least one class of claims impaired under the plan.

Classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan, and therefore are not entitled to vote. A class is "impaired" if the plan modifies the legal, equitable or contractual rights attaching to the claims or interests of that class. Modification for purposes of impairment does not include curing defaults and reinstating maturity or payment in full in cash. Classes of claims or interests that receive or retain no property under a plan of reorganization are conclusively presumed to have rejected the plan, and therefore not entitled to vote.

Even if all classes of claims and interests accept a plan of reorganization the Bankruptcy Court may nonetheless still deny confirmation. Bankruptcy Code Section 1129 sets forth the requirements for confirmation and, among other things, requires that a plan be in the "best interests" of impaired and dissenting creditors and interest holders and that the plan be feasible. The "best interests" test generally requires that the value of the consideration distributed to impaired and dissenting creditors and interest holders under a plan may not be less than those parties would receive if the debtors were liquidated under a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code.

The Bankruptcy Court may confirm a plan of reorganization or liquidation even though fewer than all of the classes of impaired claims and interests accept it. The Court may do so under the "cramdown" provisions of Bankruptcy Code Section 1129(b). In order for a plan to be confirmed under the cramdown provisions, despite the rejection of a class of impaired claims or interests, the proponent of the plan must show, among other things, that the plan does not discriminate unfairly and that it is fair and equitable with respect to each impaired class of claims or interests that has not accepted the plan.

To be determined "fair and equitable", a Plan must comply with the so-called "absolute priority rule". The absolute priority rule requires that beginning with the most senior rank of claims of creditors against the Debtor, each class in descending rank or priority must receive full and complete compensation before an inferior or junior classes may participate in the distribution. The Plan must be accepted by the affirmative vote of a majority of creditors holding two-thirds in amount of claims filed and allowed by each class, unless adequate provisions are made for the classes of descending creditors.

The Bankruptcy Court must further find that the economic terms of the particular plan meet the specific requirements of Bankruptcy Code Section 1129(b) with respect to the subject objecting class. If the proponent of the plan proposes to seek confirmation of the plan under the provisions of Bankruptcy Code Section 1129(b), the proponent must also meet all applicable requirements of Bankruptcy Code Section 1129(a) (except Section 1129(a)(8)). Those requirements include the requirements that (i) the plan comply with applicable Bankruptcy Code provisions and other applicable law, (ii) that the plan be proposed in good faith, and (iii) that at least one impaired class of creditors or interest holders has voted to accept the plan.

III.
VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

A. Ballots and Voting Deadline

A ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement, and has been mailed to Claimants (or their authorized representative) and Equity Interest Holders entitled to vote. After carefully reviewing the Disclosure Statement, including all exhibits, each Claimant and Equity Interest Holder entitled to vote should indicate its vote on the enclosed ballot. All Claimants and Equity Interest Holders entitled to vote must (i) carefully review the ballot and instructions thereon, (ii) execute the ballot, and (iii) return it to the address indicated on the ballot by the deadline (the "Voting Deadline") for the ballot to be considered.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received no later than _____, at the following address:

Julie M. Koenig
Cooper & Scully, PC
815 Walker, Suite 1040
Houston, Texas 77002
713/236-6880 (Telecopier)
Julie.Koenig@cooperscully.com

BALLOTS MUST BE RECEIVED AT THE ABOVE ADDRESS NO LATER THAN _____.

B. Claimants Entitled to Vote

Any Claimant of the Debtor whose Claim is classified within a Class that is impaired under the Plan is entitled to vote if either (i) the Debtor has scheduled the Claimant's Claim and such scheduled Claim is not identified as disputed, contingent or unliquidated, or (ii) the Claimant has filed a Proof of Claim on or before the deadline set by the Bankruptcy Court for such filings. Any holder of a Claim or interest as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Bankruptcy Court (on motion by a party whose Claim or interest is subject to an objection) temporarily allows the Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Bankruptcy Court before the first date set by the Bankruptcy Court for the Confirmation Hearing of the Plan. In addition, a Claimant's vote may be disregarded if the Bankruptcy Court determines that the Claimant's acceptance or rejection was not solicited or procured in good faith or in accordance with the applicable provisions of the Bankruptcy Code.

C. Bar Date for Filing Proofs of Claim

The Bankruptcy Court established a bar date for filing proofs of Claim or Equity Interests in this Chapter 11 case as of June 6, 2016, and for governmental units as of August 2, 2016.

D. Definition of Impairment

Under Bankruptcy Code Section 1124, a class of claims or equity interests is impaired under a plan of reorganization/liquidation unless, with respect to each claim or equity interest of such class, the plan:

1. Leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest;

2. Notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of his claim or interest after the occurrence of a default;

(a) Cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Bankruptcy Code Section 365(b)(2);

(b) Reinstates the maturity of such claim or interest as it existed before the default;

(c) Compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

(d) If such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to Section 365(b)(1)(A), compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and,

(e) Does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or interest.

E. Classes Impaired Under the Plan

Classes B-1, B-2, C-1, C-2, C-3, C-4 and D are impaired under the Plan. Therefore, all holders of Claims or Equity Interests (as applicable) in those Classes are eligible, subject to the limitations set forth above, to vote to accept or reject the Plan.

F. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class that actually cast ballots for acceptance or rejection of the plan; that is, acceptance takes place only if creditors holding claims at least two-thirds in amount of the total amount of claims and more than one-half in number of the creditors actually voting cast their ballots in favor of acceptance.

G. Information on Voting and Ballots

1. Transmission of Ballots to Creditors:

Except as otherwise provided in the **Order Approving Debtor's Disclosure Statement Under 11 U.S.C. § 1125 in Support of the Debtor's Plan of Reorganization**, entered on _____, ballots are being forwarded to all Claimants and Equity Interest Holders, except those holding Claims within Classes A-1 and A-2.

2. Ballot Tabulation Procedures:

For purposes of voting on the Plan, the amount and classification of a Claim and the procedures that will be used to tabulate acceptances and rejections of the Plan shall be exclusively as follows:

(a) If no Proof of Claim has been timely filed, the voted amount of a Claim shall be equal to the amount listed for the particular Claim in the Schedules of Assets and Liabilities, as and if amended, to the extent such Claim is not listed as contingent, unliquidated or disputed, and the Claim shall be placed in the appropriate Class, based on the Debtors' records, and consistent with the Schedules of Assets and Liabilities, the Claims registry of the Clerk of the Bankruptcy Court (the "Clerk") and the respective registry of holders of interests;

(b) If a Proof of Claim has been timely filed, and has not been objected to before the expiration of the Voting Deadline, the voted amount of that Claim shall be as specified in the Proof of Claim filed with the Clerk;

(c) Subject to subparagraph (d) below, a Claim that is the subject of an objection filed before the Voting Deadline shall be disallowed for voting purposes, except to the extent and in the manner that the Debtor indicates in its objection that the Claim should be allowed for voting or other purposes;

(d) If a Claim has been estimated or otherwise allowed for voting purposes by order of the Bankruptcy Court, the voted amount and classification shall be that set by the Bankruptcy Court;

(e) If a Claimant or its authorized representative did not use the Ballot, as applicable, provided by the Debtors, or the Official Ballot Form authorized under the Federal Rules of Bankruptcy Procedure, such Ballot will not be counted;

(f) If the Ballot is not received by the Debtors on or before the Voting Deadline at the place fixed by the Bankruptcy Court, the Ballot will not be counted;

(g) If the Ballot is not signed by the Claimant or its authorized representative, the Ballot will not be counted;

(h) If the individual or institution casting the Ballot (whether directly or as a representative) was not the holder of a Claim on the Voting Record Date (as that term is defined below), the Ballot will not be counted;

(i) If no Ballots are received on or before the Voting Deadline with respect to a particular class of Claims, then the Debtors may ask the Bankruptcy Court to deem such class of Claims as accepting the Plan;

(j) Whenever a Claimant (or its authorized representative) submits more than one Ballot voting the same Claim(s) before the applicable deadline for submission of Ballots, except as otherwise directed by the Bankruptcy Court after notice and a hearing, the last such Ballot shall be deemed to reflect the voter's intent and shall supersede any prior Ballots.

3. Execution of Ballots by Representatives:

If a Ballot is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, such persons must indicate their capacity when signing and, at the Debtors' request, must submit proper evidence satisfactory to the Debtors of their authority to so act.

4. Waivers of Defects and Other Irregularities Regarding Ballots:

Unless otherwise directed by the Bankruptcy Court, all questions concerning the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Debtor in its sole discretion, whose determination will be final and binding. The Debtor reserves the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtor or its counsel, be unlawful. The Debtor further reserves the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtor (or the Bankruptcy Court) determines. Neither the Debtor nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor will it incur any liability for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until any irregularities have been cured or waived.

5. Withdrawal of Ballots and Revocation:

Any holder of a Claim (or its authorized representative) in an impaired Class who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to counsel for the Debtor at any time before the Voting Deadline.

To be valid, a notice of withdrawal must: (i) contain the description of the Claims to which it relates and the aggregate principal amount represented by such Claims; (ii) be signed by the Claimant (or its authorized representative) in the same manner as the Ballot; and (iii) be received by counsel for the Debtor in a timely manner at the addresses set forth herein. The Debtor expressly reserves the absolute right to contest the validity of any such withdrawals of Ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots that are not received in a timely manner by the Debtor will not be effective to withdraw a previously furnished Ballot.

Any Claimant (or its authorized representative) who has previously submitted a properly completed Ballot to counsel for the Debtor before the Voting Deadline may revoke such Ballot and change its vote by submitting to counsel for the Debtor before the Voting Deadline a subsequent, properly completed Ballot for acceptance or rejection of the Plan.

H. Confirmation of the Plan

1. Solicitation of Acceptances:

The Debtor is soliciting your vote for acceptance of the Plan. The Debtor will bear the cost of any solicitation. 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 OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED ON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

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 OTHERWISE SPECIFICALLY AND EXPRESSLY INDICATED.

The solicitation of votes on the Plan is governed by Bankruptcy Code Section 1125(b). Violation of Bankruptcy Code Section 1125(b) may result in sanctions by the Bankruptcy Court, including disallowance of any improperly solicited vote.

2. Requirements for Confirmation of the Plan:

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of Bankruptcy Code Section 1129 have been satisfied, in which event the Bankruptcy Court shall enter an Order confirming the Plan. For the Plan to be confirmed, Bankruptcy Code Section 1129 requires that:

(a) The Plan comply with the applicable provisions of the Bankruptcy Code;

(b) The Debtor complies with the applicable provisions of the Bankruptcy Code;

(c) The Plan be proposed in good faith and not by any means forbidden by law;

(d) 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 be disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment be subject to the approval of the Bankruptcy Court as reasonable;

(e) The Debtor discloses the identity and affiliation 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 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 Equity Interest Holders and with public policy; and the Debtor disclose the identity of any insider that will be employed or retained by the Debtor and the nature of any compensation for such insider;

(f) Any government regulatory commission with jurisdiction (after confirmation of the Plan) over the rates of the Debtor have approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval;

(g) With respect to each impaired Class of Claims or Equity Interests, either each holder of a Claim or Equity Interest of the Class has accepted the Plan, or will receive or retain under the Plan on account of that Claim or Equity 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 was liquidated on such date under Chapter 7 of the Bankruptcy Code. If Bankruptcy Code Section 1111(b)(2) applies to the Claims of a 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;

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

(i) Except to the extent that the holder of a particular Administrative Claim or Priority Claim has agreed to a different treatment of its Claim or as otherwise provided by the Bankruptcy Code, the Plan provides that Administrative Claims and Priority Claims shall be paid in full on the Effective Date or the Allowed Date;

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

(k) 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.

The Debtor believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for confirmation 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 governing confirmation of the Plan.

3. Acceptances Necessary to Confirm the Plan:

Voting on the Plan by each holder of a Claim (or its authorized representative) is important. Chapter 11 of the Bankruptcy Code does not require that each holder of a Claim vote in favor of the Plan in order for the Court to confirm the Plan. Generally, to be confirmed under the acceptance provisions of Bankruptcy Code Section 1126(a), the Plan must be accepted by each Class of Claims that is impaired under the Plan by parties holding at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class actually voting in connection with the Plan. Even if all Classes of Claims accept the Plan, the Bankruptcy Court may refuse to confirm the Plan. In the event that this Plan is not confirmed for any reason, an alternative plan may be proposed by the Debtor, or if the Court permits, by any other party.

4. Cramdown:

In the event that any impaired Class of Claims 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) and (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 holders of Claims and Equity Interests that are 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 at least one Class of impaired Claims or Equity 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 Equity Interests.

The Debtor believes that the Plan does not discriminate unfairly and is fair and equitable with respect to each impaired Class of Claims and Equity Interests and is confirmable. Section 6.3 of the Plan constitutes the Debtors' request, pursuant to Bankruptcy Code section 1129(b)(1), that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) may not be met and their intent to pursue a cramdown if necessary to confirm the Plan.

IV

BACKGROUND OF THE DEBTOR

A. The Debtor's Background:

Debtor is a Texas Domestic For-Profit Corporation established on December 31, 1982, by Mr. and Mrs. William D. "Don" Neville. The company was originally established as an investment vehicle to hold Overriding Royalty Interests for Mr. & Mrs. Neville. Don Neville is a geologist and received overriding royalty interests as part of his compensation for developing oil and gas wells. Effective March 1, 1998, Debtor merged with Acquisition and Divestment Consultants, Inc., another Texas Domestic For-Profit Corporation, with the Debtor being the surviving corporation. In 1996, Mr. and Mrs. Neville sold 50% of Debtor to Hans Blixt, an engineer, and his wife who is an oil and gas landman. After the sale the Debtor became active in the exploration and development of oil and gas in Arkansas, Louisiana and Texas.

The Debtor is a wholly owned subsidiary of Ginger Oil Company AB, (the "Parent Company") a public company in Sweden was formed in 1997. It began to be publically traded in 2003 on the Gothenburg, Sweden stock exchange, under the trading symbol, "GOIL." Ginger Oil AB is currently being traded on the "OMX Exchange," which is affiliated with NASDAQ and is located in Stockholm. There are approximately 1,400 shareholders in the company. Neville and Blixt own approximately 9% each of the shares of the company.

B. The Debtor's Business And Property Description:

The Debtor owns an interest in various oil and gas leases in Arkansas, Louisiana and Texas. Some of these leases contain producing oil wells. The remainder are in "primary term" and are scheduled for further evaluation, either by drilling or by study and possible release back to the mineral owner.

The Debtor generates the majority of its revenues from its producing oil wells. Currently there are twenty-one actively producing oil wells in which Debtor holds varying interests. The Debtor plans to drill and complete additional producing wells, through the respective operator, of his currently held non-producing and producing leases.

C. The Debtor's Officers, Directors and Employees:

Wm. Don Neville is the President and a Co-Chairman of the Debtor. He is also a shareholder of the parent company. Mr. Neville is a native of Illinois and earned a Bachelor of Arts degree in Geology in 1957 from St. Joseph's College in Indiana and an Master of Science degree in Geology in 1959 from the University of Wisconsin in Madison. He began his career immediately thereafter with Chevron in Wyoming as an exploration geologist. He remained with that company for 15 years and also held geological and geophysical assignments in New Orleans and Sumatra, Indonesia. He then worked in Singapore and Houston for Union Texas Petroleum as an International Explorationist. He also worked for several smaller independents in Houston until he expanded his own company, the Debtor, with Mr. Blixt in 1997. Together, in 2003, they raised funds on the Swedish stock market and invested them in the exploration for and development of oil and gas, mostly in the Gulf Coast Area.

The Debtor has its oil and gas reserves independently audited and the results are published annually. As of January 1, 2016, these reserves were estimated to be 172,000 barrels of oil and 388 million cubic feet of gas in the "proven" category. There are an additional 293,210 barrels of oil and 324.3 million cubic feet of gas in the "probable" category. The discovery and development of these reserves for the Debtor are the results of Mr. Neville and the company staff's efforts.

Mr. Neville's current salary is $5,000 per month. Mr. Neville has not taken salary since April 15, 2016, until Debtor is able to obtain DIP financing.

Hans Blixt is the Chief Executive Officer and a Director of the Debtor. He is also a shareholder and Director of the Parent Company. Mr. Blixt is a native of Sweden and a graduate of "Tekniskt Gymnasium" in Ostersund Sweden. He also attended two years at the "Linkopings Hogskola in Sweden. Mr. Blixt has thirty-five years of experience working in the oil and gas industry as a reservoir engineer and manager. He began his career in 1975 with Phillips Petroleum Co. as assistant reservoir engineer. He also worked for Michigan Wisconsin Pipeline Co., Core Lab, ERCO, and at Primary Fuels where he was Manager of Reservoir Engineering. His last employment before joining Ginger was with TOTAL Minatome as "Senior Engineer."

Mr. Blixt's current salary is $5,000 per month. Mr. Blixt has not taken salary since April 15, 2016, until debtor is able to obtain DIP financing.

Richard Brubaker is employed as "Controller" for the Debtor. He earned a Bachelor of Science degree in Accounting from Illinois Wesleyan University in 1980. He has been an "Accredited Petroleum Accountant" since 1998. He began employment with the Debtor in March 2000. His duties include, financial reporting, tax reporting, treasury management, employee benefits administration, payroll accounting, revenue accounting, joint venture accounting, joint venture and financial audits. He also assists in acquisition evaluation.

Mr. Brubaker's current salary is $5,000 per month.

Julienne Blixt began employment with the Debtor in January 2012 as "Land Manager." She earned a Bachelor of Science degree in 1975 from McNeese State University in Louisiana. She has 35 years of oil and gas experience working in various land positions She began her career with Texaco; other employers have been Stone Petroleum, Primary Fuels and Mariner Energy.

Her professional experience is in the analysis of acquisitions and divestitures; data room preparation, lost revenue recovery; agreement drafting and negotiations; onshore and offshore leasing; state and federal leasing; seismic data acquisition leasing; supervision of field brokers and landmen; drilling programs; maintenance of land records; coordinating company land with accounting and engineering departments; management of land professionals.

Ms. Blixt works part time for the Debtor and her current salary averages $1,000 per month.

Carl Henderson was a director of the Debtor; is a director of the parent, Ginger Oil AB and the largest shareholder of that company. He served as "advisor" to the company for the past two years but resigned on May 8, 2016. He has taken no salary.

Mr. Henderson is a lifetime member of the Society of Petroleum Engineers, since 1984 and an attorney at law since 1992 in Texas

His professional experience is in investment analysis and review; oil and gas reserves acquisition assessment; exploration and development investments; contract analysis and construction; business evaluation; business management; stock market brokerage and finance; business development.

Garry Ward, is a petroleum engineering consultant to the Debtor. He takes no salary from the company but has worked on several individual engineering assignments for the company on a consulting basis in the past two years. He's been a member of the Society of Petroleum Engineers, since 1978 and a Professional Engineer, since 1987 in Texas.

His professional experience is in reservoir engineering; oil and gas reserves acquisition assessment and development; reserve evaluations; reservoir simulation; well completion engineering; drilling operations for vertical wells and horizontal wells; deliverability analysis; water flood development; coal bed methane development; financial evaluations; management of resource acquisition and reserves production professionals.

Paul Scott Robinson was employed by the Debtor in September 2007 as "Engineering Manager" until being laid off in March 2016 because of the Debtor's bankruptcy filing.

He earned a Bachelor of Science degree in Civil Engineering from Michigan State University in 1967. His initial assignment was four-year stint with Exxon in Kingsville, Texas, where he became District Chief Engineer. He has worked in all phases of petroleum engineering for previous companies and as an independent consultant and for this company. These disciplines include reservoir, reserve evaluations, well drilling, completion and production management. He also provided support and economic evaluations for prospect assessment and producing property acquisitions. Finally, he provided oversight for management of field employees and for production professionals.

D. <u>The Independent Bank Note:</u>

a. On September 13, 2013, the Debtor executed a credit agreement and promissory note with Independent Bank (the "Bank") in the original amount of $25,000,000.00. The current balance on the note is approximately $3,231,066.37 (the "Note"). This Note bore interest at the rate of 4% or prime rate plus 0.5%, whichever is greater. The Debtor traditionally has paid 4% interest on the Note. It is secured by a first lien against the Debtor's accessions, accounts, as-extracted collateral, chattel paper, deposit accounts with Secured Party, documents, equipment, fixtures, general intangibles, goods, instruments, inventory, investment property, letter of credit rights, money, payment intangibles, proceeds, record, securities accounts, software, supporting obligations and proceeds of any of the foregoing. All personal property of Debtor, whether now owned or hereafter acquired. All assets of Debtor, whether now owned or hereafter acquired.

b. The Note was amended on February 14, 2014, on August 12, 2014, on April 28, 2015, and finally on October 9, 2015, (the "Fourth Amendment"). Under the Fourth Amendment, the Debtor's borrowing base was reduced to $3,425,000.00. It then required principal reductions in the amount of $65,000.00 for November 1, 2015 and December 1, 2015, and principal reductions in the amount of $75,000.00 per month from January 1, 2016 thereafter, in addition to the monthly interest.

V.
EVENTS LEADING TO BANKRUPTCY

The most recent oil price decline began in late 2014 and it negatively affected the Debtor's revenue from its oil operations. At this time, the Debtor had borrowed $3.87 million from a $4.75 million line of credit from the Bank. The monies were used to fund ongoing exploration and development drilling and completion operations in Texas, Alabama and Arkansas. The Debtor had been paying monthly interest payments only, with the Bank's concurrence. The Debtor's payments to the Bank were approximately $11,000, until they then requested interest payments plus a principal payment of $65,000 per month beginning in March of 2015. This action by the Bank was a result of current market conditions and the concurrent write down of the Debtor's oil reserve value. The Debtor was able to maintain these payments to the Bank through the remainder of 2015. The Debtor took steps to cut costs during this period. All three employees accepted salary reductions of up to 66%, beginning in May 2015. The principals, Neville and Blixt, took no salary payments from May 2015 through the end of that year. The oil price continued its decline in 2015, which was approximately a 75% drop from its October 2014 highs. The Debtor's oil production also declined as a result of natural decline rates and an unanticipated production rate drop, although temporary, in one of its main producing fields, the Horst Field in Arkansas.

In January 2016, the Bank required that the Debtor pay the interest payment of $11,067 due monthly, plus an increase of the principal payment to $75,000. The Debtor had reduced the principal owed to the Bank from $3.87 million to $3.22 million as a result of its monthly principal payments. In December 2015, Hans Blixt telephoned the Bank and asked one of the Bank officers if the Bank would lower the principal payments required on the loan. That officer said they would not lower payment requirements for the Debtor. At that point, the Debtor's net income in January 2016 after "joint interest billing" expenses declined to approximately $35,000 per month. The Debtor had an oil price hedge in place, which partially covered the lower oil prices. The Debtor's staff also moved to a small, one room office in mid-January and continued cutting costs in January. However, it became evident that the Debtor could not repay the Bank principal and interest payments of $86,067 per month, each month under the current market conditions, no matter how much the Debtor cut general and administrative expenses. The Debtor's Directors had raised limited capital in 2015, by selling Ginger Oil Company AB's stock in the United States and in Sweden, but were unable to raise enough capital to cover its continuing losses and Bank repayments.

The Bank, under the terms of its loan covenants, has a call on all of the Debtor's producing wells and all of its assets. The Debtor's directors had the obligation to shareholders to try to preserve its assets from foreclosure by the Bank in the event of a loan default by the Debtor. The directors firmly believed that, if given the opportunity, the Debtor could survive the current oil price downturn and develop its existing oil and gas assets, and repay the Bank and its other creditors in full. The directors also believed that they could preserve the Debtor's long term producing oil and gas assets for the shareholder's benefit.

For all of the reasons that are given above, the directors of the Debtor sought legal counsel in January and filed for Chapter 11 bankruptcy protection on February 4, 2016.

VI.
POST-BANKRUPTCY OPERATIONS AND SIGNIFICANT EVENTS

A. Post Bankruptcy Operations

The Debtor intends to continue to manage its currently producing wells and properties and to further develop one of its key properties, the "Horst Field" by participating in additional development wells, scheduled for drilling in late 2016 or 2017, depending upon oil price recovery. The Debtor will use its present minimal staff of four personnel and maintain its current low office and general and administrative expenses. The current overhead rate is approximately $25,000 per month because of reduced salaries. Future overhead will be approximately $50,000 per month in 2017 when salaries are expected to be restored. The company has a promising development program called the "Steamflood Development Project" that it expects to get underway in the third quarter of 2016.

B. Significant Orders Entered During the Case

On February 11, 2016, the Court entered an Interim Order Granting Emergency Use of Cash Collateral. On March 3, 2016, the Court entered a Second Interim Order Granting Use of Cash Collateral. On May 18, 2016, the Court entered an Order extending the Second Interim Order and extended it further until June 14, 2016.

Finally, on May 18, 2016, the Court entered an Order Authorizing the Debtor to Assume Executory Contracts with Weiser-Brown Operating Company, White Oak Operating Co., LLC, and Taos Resources Operating Company, LLC f/k/a Hankey Oil Company and Cure Pre-Petition Arrearages Pursuant to 11 U.S.C. §365.

C. Professionals

1. Professionals Employed by the Debtor:

The Court entered an Order authorizing Cooper & Scully, PC. to represent the Debtor as its General Counsel on March 11, 2016. The Court also entered an order authorizing William G. West, P.C. CPA as the Debtor's accountants on April 6, 2016.

2. No Committee:

No official committees have been appointed in this Chapter 11 case.

VII.
DESCRIPTION OF THE PLAN

A. New Funds

New funds will be provided by Ginger Oil AB, a Swedish Corporation, Organization Number 556545-4195, (the **"DIP Lender"**). The DIP Lender is the parent corporation of the Debtor.

DIP Financing Amount: $500,000.00, of which $290,000.00 shall be paid to the Debtor upon Court Approval of the Motion to Incur DIP Financing, with the remaining balance of $210,000.00 to be in the form of a line of credit which can be drawn down by the Debtor. On June 14, 2016, the DIP Lender filed a certification to certify that it can fund as per the term sheet filed with the Court on May 13, 2016, but there can be no funding until after the DIP Lender's shareholders approve the funding.

The Debtor shall use its savings account and a portion of the initial draw to pay the Bank debt down from $3,220,000.00 to $2,800,000.00.

Interest Rate: 8% per annum.

Terms of Repayment: The DIP Loan shall be an interest only note which will convert to an equity interest in the Reorganized Debtor on the Effective Date of the Plan. Prior to such conversion, the DIP Loan interest shall be paid within 30 days of billing by the DIP Lender.

Relationship to the Debtor: The DIP Lender is the parent company of the Debtor, owning 100% of its stock. It is also the Debtor's second largest creditor whose debt shall be converted to an equity interest upon the Effective Date of the Plan.

Exit Financing: Upon the Effective Date of the Plan, the DIP Lender shall provide the Reorganized Debtor an additional $500,000.00 to effectuate its Plan and to provide additional funds for the Reorganized Debtor's ongoing operations. These additional funds will be an equity infusion into the Reorganized Debtor, not in the form of a loan. Within three months after the Effective Date of the Plan the DIP Lender shall provide a final $250,000.00 to the Reorganized Debtor as an additional equity infusion.

Additional Funds: Ginger Oil AB agrees to provide additional financing of up to $1,000,000 per year for two years after the effective date. These funds will be raised through the sale of its stock on the Swedish stock exchange. The monies will be provided on as needed basis and that will depend upon the debtor's bank repayment schedule and upon capital needs for the orderly development of its oil properties in southern Arkansas and in Edwards County, Texas.

Total of Funds Infused: There is the 2016 funding of $1.25 million plus $250,000 that remains with the parent, Ginger Oil AB. As explained above, these monies are to be infused by US Energy AB in a merger of the two companies. The principals of US Energy AB have the ability to raise monies, of up to $1 million per year, over the following two years (2017 -2018) for the surviving company, Ginger Oil AB. The total of monies that will be available to the

Debtor are the guaranteed $1.25 million plus a possible additional $2 million, or a total of $3.25 million.

B. Use of the Funds

General. The initial purpose of the new funds is to provide working capital to the Debtor to support the Debtor's exit from chapter 11 bankruptcy, to allow the Debtor to pay ongoing legal and accounting fees that are associated with the bankruptcy filing and to repay the unsecured creditors in full. Additionally, the new capital is to support ongoing operations, costs of drilling new wells, costs of reworking pre-existing wells, and to fulfill all other obligations, which may arise from Participation Agreements, Joint Operating Agreements, and all other oil and gas contracts of the debtor. The Debtor also intends to solicit sellers of producing oil and gas assets, especially while oil and gas prices are relatively low. The initial target assets are from sellers who have working interests in the same oil and gas wells in which the Debtor holds an interest.

Specific. First, there is a loan of $290,000 of DIP financing. It has been requested in order to supplement, if necessary, any shortfall in general and administrative expenses of the Debtor from June 3, 2016 through the anticipated effective date in October 2016. Second, there are anticipated capital cost outlays for the potential completion as an oil producer of the Mill Creek #1 well located in Nevada County, Arkansas. The Debtor has a "free carry" in the drilling, but owns a 6.98% working interest in the event of an oil discovery. The cost to the Debtor will be 6.98% of $285,390 estimated completion costs, or $19,914. An additional expense expected will be for the drilling and completion of up to a "five-spot" steam injection and oil producing unit in Edwards County, Texas. This operation is expected to take place during the 3rd quarter of 2016. The Debtor owns a 10% working interest in this initial oil development opportunity and its share of the cost is estimated to be $55,000. Potentially, there may be a second five- spot that will be drilled and completed in this period. The cost to the Debtor will be an additional $55,000 in that case. There are several other possible obligations that the Debtor may be subject to. These are recompletions to a new zone in wells in which the Debtor has an ownership interest. One of these wells is the Powell #1 well in Goliad County, Texas and the other is the L Ranch #D-3, located in Jackson County, Texas. In all of the wells named above, the Debtor is an owner but a non-operator. The operator has the discretion of recommending various remedial actions on existing producing wells or to recommend the drilling of an initial well on a non-producing lease. These actions and elections are governed by an "operating agreement" which dictates what penalties will be incurred in the event one of the non-operators does not participate in an activity. For example, in the case of an "initial well" on a non-producing lease, the penalty is a 100% loss in all previous investments and in all ownership of all of the leases in the "area of mutual interest."

For these reasons, the Debtor has requested from the lender a total amount of $500,000 line of credit including the $290,000 initial payment, prior to effective date, in order to cover events of the ones listed above, but also to cover unforeseen remedial events in any of its 21 currently producing wells or possible new drilling demands on its non-producing lease properties. The

loan or loans of up to the maximum amount of $500,000 will be converted to equity interest by the lender when the Debtor emerges from chapter 11, which is expected to be in October 2016.

C. Protection of the Collateral

The Plan is designed to protect the Bank and the new equity interest holder while continuing the Reorganized Debtor's business.

D. Treatment of Claims and Interests

1. Treatment of Claims Not Required To Be Classified:

(a) Class A-1: Administrative Expenses and Fee Claims

Administrative Expenses are Claims for any cost or expense of the Chapter 11 case allowable under Bankruptcy Code Sections 503(b) and 507(a)(1). Those expenses include all actual and necessary costs and expenses related to the preservation of the bankruptcy estate or the operation of the Debtor's business, all claims for cure payments arising from the assumption of executory contracts and unexpired leases under Bankruptcy Code Section 365, and all United States Trustee quarterly fees.

The holder of any Administrative Expense other than an Allowed Administrative Expense, must by no later than thirty (30) days after the Effective Date, or solely in the case of Fee Claims by no later than sixty (60) days after the Effective date; (a) file with the Bankruptcy Court and serve on the U.S. Trustee and the Reorganized Debtor and its counsel, an application for the allowance of such Administrative Expense and (b) file with the Bankruptcy Court and serve on all other parties in interest entitled to notice, a notice of the filing of such application, which notice must identify (i) the name of the holder of such Administrative expense, (ii) the amount of such Administrative Expense, and (iii) the basis for the allowance of such Administrative Expense. **FAILURE TO TIMELY AND PROPERLY FILE SUCH APPLICATION AND NOTICE SHALL RESULT IN THE ADMINISTRATIVE EXPENSE BEING FOREVER BARRED AND DISCHARGED.**

(b) Class A-2: Priority Tax Claims

Certain claims of governmental units and taxing authorities are entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code.

Each holder of an Allowed Priority Tax Claim shall receive from the Reorganized Debtor, at the option of the Reorganized Debtor: (i) the amount of such holder's Allowed Claim in one Cash payment on the later of the Effective Date or the next Business Day after such Claim becomes an Allowed Claim; (ii) the amount of such holder's Allowed Claim on the 15th day of the first month of the first quarter following the Effective Date, with interest at the rate of 12% per annum; (iii) such other treatment to which the holder of such Allowed Priority Tax Claim and the Reorganized Debtors may agree in writing; or (iv) the amount of such holder's Allowed

Claim in accordance with Bankruptcy Code section 1129(a)(9)(C). The Debtor's claims register shows that Allowed Priority Tax Claims will total $358.41.

2. Classification and Treatment of Claims and Equity Interests:

(a) Class B-1: DIP Loan Claim.

1. Treatment. In full and final satisfaction of the DIP Loan Claim, on the Effective Date, the Reorganized Debtor shall issue to the DIP Lender that number of New Shares equal to the Share Conversion Ration applicable to the DIP Loan Claim.

2. Release of Liens. On the Effective Date, the DIP Lender shall be deemed to have released all Liens against or in the Assets. In furtherance thereof, the DIP Lender shall execute any such instruments as the Reorganized Debtor may reasonable request to evidence such releases of Liens.

(b) Class B-2: IBTX Secured Claim.

The IBTX Secure Claim shall be treated as follows:

1. Effective Date Cash Payment. On the Effective Date, the Reorganized Debtor shall pay to IBTX an amount, in Cash, equal to the following: (i) all accrued, unpaid interest owing to IBTX under the terms of the Existing IBTX Loan Documents as of the Effective Date, plus (ii) all incurred, unpaid costs, charges and fees, including, without limitation, attorney's fees, owing to IBTX under the terms of the Existing IBTX Loan Documents as of the Effective Date.

2. Restructured Senior Loan. On the Effective Date, the Reorganized Debtor shall execute the Restructured Senior Loan Documents to evidence the Restructured Senior Loan which Restructured Senior Loan Documents shall, among other things, provide for the terms set forth on Exhibit "A" to the Plan.

3. Retention of Liens. As security for payment of the Restructured Senior Loan and the performance by the Reorganized Debtor of all other obligations under the restructured senior Loan Documents, (i) IBTX shall retain all of its existing Liens in the Assets, and (ii) on the Effective Date, and subject only to any existing, valid, perfected and unavoidable Liens that are both superior in priority to IBTX's existing Liens in the Assets and are retained under the terms of this Plan, the Reorganized Debtor shall grant to IBTX first priority Liens in all Assets and after acquired property of the Reorganized Debtor.

(c) Class C-1: Allowed Priority Non-Tax Claims.

In full and final satisfaction of Allowed Priority Non-Tax Claims, each Allowed Priority Non-Tax Claim shall, unless otherwise agreed in writing by the holder of such Allowed Priority

Non-Tax Claim and the Reorganized Debtor, be paid in full in Cash by no later than the later of (i) the Effective Date, or (ii) the next Business Day after such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim. The Debtor estimates that there will be $24,950.00 in priority wage claims on the Effective Date. Mr. Neville and Mr. Blixt are converting their priority wage claims to equity in the Reorganized Debtor on the effective date.

(d) Class C-2: Allowed General Unsecured Claims.

In full and final satisfaction of Allowed General Unsecured Claims, each Allowed General Unsecured Claim shall, unless otherwise agreed in writing by the holder of such Allowed General Unsecured Claim and the Reorganized Debtor, be paid in full in Cash by the Reorganized Debtor. It is anticipated that Class C-2 creditors shall be paid on the 15th day of the sixth month following the effective date of the Plan.

(e) Class C-3: Allowed Designated Insider Claims.

In full and final satisfaction of the Allowed Designated Insider Claims, the Reorganized Debtor shall issue to the holder of each such Allowed Designated Insider Claim by no later than the later of (i) the Effective Date, or (ii) the next Business Day after such Designated Insider Claim becomes an Allowed Designated Insider Claim, that number of New Shares equal to the Share Conversion Ratio applicable to such holder's Allowed Designated Insider Claim.

(f) Class C-4: Allowed Non-Designated Insider Claims.

In full and final satisfaction of Allowed Non-Designated Insider Claims, each holder of an Allowed Non-Designated Insider Claim shall, unless otherwise agreed in writing by such holder and the Reorganized Debtor, be paid on account of such Allowed Non-Designated Insider Claim, a Pro Rata Share of Distributable Cash on a quarterly basis, beginning on the fifteenth (15th) day of the first full quarter following the payment in full of all amounts required to be paid in accordance with Section 5.4 of the Plan, until such allowed Non-Designated Insider Claim has been paid in full.

(g) Class D Equity Interests:

On the Effective Date, (i) the Ginger Parent shall retain its existing shares of stock in the Debtor (subject to dilution on account of the New Shares issued in accordance with the Plan), and (ii) all other Equity Interests (if any) shall be deemed cancelled and null and void.

E. Means of Implementation of the Plan

The Plan provides that on the Effective Date, all Assets of the Debtor will be transferred to, and will vest in, the Reorganized Debtor. The Reorganized Debtor will continue to own the Debtor's properties, and use the cash on hand as of the Effective Date, use the loan proceeds, and use the revenues subsequently generated from the oil and gas interests to pay the allowed claims and to continue to operate as provided herein.

1 Powers and Duties of the Reorganized Debtor:

Subject to the provisions of the Plan, the Reorganized Debtor will take possession of all the Assets, and manage its business.

The Reorganized Debtor will be a representative of the Debtor's Estate pursuant to Bankruptcy Code Section 1123(b)(3) and will have the power to prosecute any of the Litigation Claims that the Reorganized Debtor in good faith believes to be valid. Additionally, the Reorganized Debtor will have power to do all acts contemplated by the Plan and other acts that may be necessary or appropriate to comply with the Plan's terms.

2 Management of the Reorganized Debtor:

Management of the Reorganized Debtor shall be continued as prior to filing by its Chief Executive Officer and Director, Hans Blixt; and its President and Director, William D. Neville. During the duration of the Plan, the Officers and Directors shall receive the following compensation:

Hans Blixt - $5,000 per month during calendar year 2016 and $10,000 per month thereafter.

William D. Neville - $5,000 per month during calendar year 2016 and $10,000 per month thereafter.

3 Authorization and Issuance of New Shares:

On the Effective Date, and without the necessity of any corporate or shareholder approvals of the Debtor, which shall be deemed given as of such date, the Reorganized Debtor shall be authorized to issue New Shares on a dollar for dollar basis, which shall be available for distribution to the holders of Allowed claims within Classes B-1 and C-3 of the Plan and to the Ginger Parent in connection with consummation of the Immediate New Share Acquisition and the Subscription Agreement, in each case in accordance with the terms and conditions of the Plan. The New Shares, after issuance, will be subject to dilution, as is customary for stock in a corporation. In reliance upon Section 1145(a) of the Bankruptcy Code, the issuance of the New Shares by the Reorganized Debtor to holders of Allowed Claims within Classes B-1 and C-3 of the Plan shall be exempt from registration under the Securities Act of 1933, as amended, and any equivalent securities law provisions under applicable state law.

4 Immediate New Share Acquisition:

On the Effective Date, the Reorganized debtor and the Ginger Parent shall consummate the Immediate New Share Acquisition.

F. Provisions Governing Distribution:

Any payments or distributions to be made by the Reorganized Debtor pursuant to the Plan shall be made on the Effective Date except as otherwise provided for in the Plan, or as may be ordered by the Bankruptcy Court.

Distributions and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the Proofs of Claim or Proof of Interest filed by such holders (or at the last known addresses of such holders if no Proof of Claim or Proof of Interest is filed); or if the Reorganized Debtor has been notified of a change of address, at the address set forth in such notice. All Unclaimed Property shall revert to the Reorganized Debtor.

No interest shall be paid on any Claim unless, and only to the extent that, the Plan specifically provides otherwise.

G. Contested and Contingent Claims:

Unless a different date is set by order of the Bankruptcy Court, all objections to Claims shall be served and filed no later than ninety (90) days after the Effective Date or ninety (90) days after a particular Proof of Claim is filed, whichever is later. Any Proof of Claim filed more than thirty (30) days after the Confirmation Date shall be of no force and effect, shall be deemed disallowed, and will not require objection. All Contested Claims shall be litigated to Final Order; *provided, however,* that the Reorganized Debtor may compromise and settle any Contested Claim, without approval of the Bankruptcy Court.

No payment or distribution shall be made with respect to any Contested Claim unless and until such Contested Claim becomes an Allowed Claim.

H. Executory Contracts and Unexpired Leases:

The Plan constitutes and incorporates a motion by the Debtor to assume, as of the Effective Date, all prepetition executory contracts and unexpired leases to which the Debtors are a party, except for executory contracts or unexpired leases that (a) have been assumed or rejected pursuant to Final Order of the Bankruptcy Court, or (b) are the subject of a separate motion pursuant to section 365 of the Bankruptcy Code to be filed and served by the Debtor on or before the Effective Date.

If the rejection of an executory contract or an unexpired lease by the Debtor results in damages to the other party or parties to such contract or lease, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtor or the Reorganized Debtor or its properties or agents, successors, or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon the Debtor by the earlier of (a) 30 days after the Confirmation Date or (b) such other deadline as the Court may set for asserting a Claim for such damages.

Any Rejection Claim arising from the rejection of an unexpired lease or executory contract not barred by Section 10.2 of the Plan shall be treated as a Class C-2 General Unsecured Claim against the Debtor pursuant to Article 5.0 of the Plan; *provided, however*, that any Rejection Claim based upon the rejection of an unexpired lease of real property either prior to the

Confirmation Date or upon the entry of the Confirmation Order shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements.

For executory contracts assumed by the Reorganized Debtor, all cure payments which may be required by Bankruptcy Code Section 365(b)(1) under any executory contract or unexpired lease that is assumed, or assumed and assigned, under this Plan shall be made by the Reorganized Debtor; provided, however, in the event of a dispute regarding the amount of any cure payments, the cure of any other defaults, the ability to provide adequate assurance of future performance, or any other matter pertaining to assumption or assignment, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by Bankruptcy Code Section 365(b)(1), following the entry of a Final Order resolving such dispute. To the extent that a party to an assumed executory contract or unexpired lease has not filed an appropriate pleading with the Bankruptcy Court on or before the thirtieth (30th) day after the Confirmation Date disputing the amount of any cure payments offered to it by the Reorganized Debtor, disputing the cure of any other defaults, disputing the promptness of the cure payments, or disputing the provisions of adequate assurance of future performance, then such party shall be deemed to have waived its right to dispute such matters.

I. Causes of Action

At this time, the Debtor does not anticipate prosecuting or seeking any affirmative recoveries in the prosecution of claims for preferences, fraudulent transfers or other avoidance actions. However, in the event any avoidance action is brought the Bankruptcy Court shall retain jurisdiction for such action.

1. Preferences:

Pursuant to the Bankruptcy Code, a debtor may recover certain preferential transfers of property, including cash, made while insolvent during the ninety (90) days immediately prior to the filing of its bankruptcy petition with respect to pre-existing debts to the extent the transferee received more than it would have in respect of the pre-existing debt had the debtor been liquidated under Chapter 7 of the Bankruptcy Code. In the case of "insiders," the Bankruptcy Code provides for a one-year preference period. There are certain defenses to preference actions. Transfers made in the ordinary course of the debtor's and the transferee's business according to the ordinary business terms are not recoverable. If the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension may constitute a defense, to the extent of any new value, against any otherwise recoverable transfer of property. If a transfer is recovered by the debtor, the transferee has a general unsecured claim against the debtor to the extent of the recovery.

2. Fraudulent Transfers:

Under the Bankruptcy Code and various state laws, a debtor may recover certain transfers of property, including the grant of a security interest in property, made while insolvent or which rendered it insolvent if, and to the extent, the Debtor receives less than fair value for such

property. A debtor may also recover certain transfers if the transfer was made with actual intent to hinder, delay or defraud any creditor. These transfers are referred to as "fraudulent transfers."

3. Other Potential Litigation:

None.

J. Discharge of the Debtor and Related Injunctions.

ALL CLAIMANTS SHOULD REVIEW THESE INJUNCTION AND DISCHARGE PROVISIONS CAREFULLY WITH THEIR COUNSEL. THE PLAN'S INJUNCTIONS AND DISCHARGE WILL AFFECT YOUR RIGHTS.

1. Discharge of Debtor.

The Plan provides a discharge of Claims against the Debtor to the fullest extent allowed by the Bankruptcy Code. To the extent permitted by Section 1141 of the Bankruptcy Code, all consideration distributed under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever against the Debtor or any of its assets or properties. Except as otherwise provided herein, upon the Effective Date, the Debtor and its successors in interest shall be deemed discharged and released pursuant to Section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims treated in the Plan, as well as all other Claims and Equity Interests, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is Allowed under Section 502 of the Bankruptcy Code; (c) the holder of a Claim based upon such debt has accepted this Plan; or (d) the Claim has been Allowed, disallowed, or estimated pursuant to Section 502(c) of the Bankruptcy Code. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor and its successors in interest other than those obligations specifically set forth pursuant to this Plan.

2. Injunction Regarding Actions against the Debtor and its Assets.

To implement the Plan, including the Debtor's discharge, Sections 7.2, 13.2 and other Plan provisions act to enjoin certain actions against the Debtor, the Reorganized Debtor and its property.

The injunction in Plan Section 7.2 provides that, except as otherwise provided in the Plan, from and after the Effective Date, all holders of Claims against and Equity Interests in the Debtor are permanently restrained and enjoined (a) from commencing or continuing in any manner, any action or other proceeding of any kind with respect to any such Claim or Equity Interest against the Debtor, the Reorganized Debtor or the Assets; (b) from enforcing, attaching, collecting, or recovering by any manner or means, any judgment, award, decree, or order against the Debtor, the Reorganized Debtor or the Assets; (c) from creating, perfecting, or enforcing any encumbrance of any kind against the Debtor, the Reorganized Debtor or the Assets; (d) from

asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Debtor; and (e) from performing any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; provided, however, (i) that each holder of a Contested Claim may continue to prosecute its Proof of Claim in the Bankruptcy Court, (ii) all holders of Claims and Equity Interests shall be entitled to enforce their respective rights under the Plan and any agreements executed or delivered pursuant to or in connection with the Plan, and (iii) the holder of a Lien on any Collateral which is surrendered pursuant to this Plan or hereafter by the Reorganized Debtor may exercise its legal and contractual rights and remedies, including foreclosure sale, with respect thereto.

The injunction in Plan Section 13.2 provides that, except as otherwise expressly provided in the Plan, the Confirmation Order shall provide, among other things, that from the Effective Date, all Persons who are or may be past, current or future holders of a Claim or Equity Interest against Debtors or their estates:

(a) shall receive recovery on account of such Claim, if Allowed, solely from the Reorganized Debtor and on the Effective Date such Claim, if Allowed, shall exist and be valid only to the extent it is solely asserted against the Reorganized Debtors;

(b) hereby permanently, irrevocably and unconditionally releases and discharges the Debtor and each of its agents, employees, representatives, financial advisors, attorneys and accountants from all liabilities, rights of contribution, and rights of indemnification, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or in part on any act, omission, transaction, or other occurrence taking place on, or prior to, the Effective Date in any way relating to the Debtor, its estate and business affairs, the Chapter 11 case and the Plan; and

(c) are and shall be permanently, irrevocably and unconditionally enjoined and barred from asserting or taking any of the following actions (all of which shall be permanently, irrevocably and unconditionally waived, released and discharged) against Debtor or any of its property on account of any liability, claim or interest in any way relating to the Debtor, and its estate, the Chapter 11 cases and the Plan:

i. commencing or continuing, in any manner or in any place, any suit, cause of action or other proceeding;
ii. enforcing attaching, collection or recovering in any manner any judgment, award, decree or order;
iii. creating, perfecting or enforcing any Lien or other encumbrance; and,

iv. commencing or continuing, in any manner or in any place, any suit, action or proceeding that does not comply with or is inconsistent with the provisions of the Plan.

K. Exculpation and Limitation of Liability

Section 13.4 of the Plan provides for the exculpation of the Debtor (including its officers, directors and employees) and professional persons retained by the Debtor from liability related to the Debtor's Chapter 11 case, the Plan and its administration. This limitation of liability excludes gross negligence or willful misconduct as may be determined by the Bankruptcy Court.

L. U.S. Trustee Quarterly Fees

The Reorganized Debtor shall be responsible for timely payment of United States Trustee quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6). Any fees due as of the date of confirmation of the Plan will be paid in full on or before the Effective Date of the Plan. After confirmation, the Reorganized Debtor shall pay United States Trustee quarterly fees as they accrue until its case is closed by the Court. The Reorganized Debtor shall file with the Court and serve on the United States Trustee a financial report for each quarter, or portion thereof, that their Chapter 11 cases remains open in a format prescribed by the United States Trustee.

VIII
FEASIBILITY AND RISKS

A. Business Risks

The Debtor believes its financial projections are reasonable, and along with the loan proceeds will provide the Reorganized Debtor sufficient income to fund distributions to creditors and support confirmation of the Plan. Nevertheless, all Claimants should consider these and all risks in voting on the Plan.

THIS DISCLOSURE STATEMENT AND THE MATERIAL INCORPORATED BY REFERENCE HEREIN (THE "INCORPORATED MATERIALS") INCLUDE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN SECTION 27A OF THE SECURITIES ACT OF 1933 AND SECTION 21 E OF THE SECURITIES EXCHANGE ACT OF 1934. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS DISCLOSURE STATEMENT AND THE INCORPORATED MATERIALS REGARDING THE REORGANIZED DEBTOR'S FINANCIAL POSITION, BUSINESS STRATEGY, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS AND INDEBTEDNESS COVENANT COMPLIANCE, INCLUDING BUT NOT LIMITED TO STATEMENTS USING WORDS SUCH AS "ANTICIPATES," "EXPECTS," "ESTIMATES," "BELIEVES" AND "LIKELY" ARE FORWARD-LOOKING STATEMENTS. MANAGEMENT BELIEVES THAT ITS CURRENT VIEWS AND EXPECTATIONS ARE BASED ON REASONABLE ASSUMPTIONS;

HOWEVER, THERE ARE SIGNIFICANT RISKS AND UNCERTAINTIES THAT COULD SIGNIFICANTLY AFFECT EXPECTED RESULTS. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN THE FORWARD-LOOKING STATEMENTS ("CAUTIONARY STATEMENTS") ARE DISCLOSED THROUGHOUT THIS DISCLOSURE STATEMENT AND INCLUDE, WITHOUT LIMITATION, THE RISK FACTORS DISCUSSED HEREIN, CONDITIONS IN THE CAPITAL MARKETS, AND COMPETITION. THE RISK THAT GINGER OIL AB WILL NOT FUND THE DEBTOR AS DISCLOSED ON PAGE 22, SECTION VII, A, SUPRA; ALL WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE DEBTOR, OR PERSONS ACTING ON ITS BEHALF, ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS. THE REORGANIZED DEBTOR DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

B. Risk of Nonconfirmation of the Plan

In the event the Debtor's Plan is not confirmed, the Court may consider other reorganization plans, dismiss the case or convert the case to a Chapter 7 case.

C. Nonoccurrence of Effective Date of the Plan

Even if all Classes of Claims and Interests that are entitled to vote accept the Plan, the Plan may not become effective. The Plan sets forth conditions to the occurrence of the Effective Date of the Plan which may not be satisfied. The Debtor believes it will satisfy all requirements for consummation under the Plan. There can be no assurance, however, that the Bankruptcy Court will also conclude that the requirements for consummation of the Plan have been satisfied.

IX.
ALTERNATIVES TO PLAN AND LIQUIDATION ANALYSIS

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 case, (b) the Debtor's Chapter 11 case could be converted to 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.

A. Dismissal

If the Debtor's Chapter 11 case was dismissed, the Debtor would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. The Debtor anticipates that Independent Bank would seek control of the Properties through

foreclosure. In such a scenario, the Debtor believes the General Unsecured Creditors would not receive a recovery on their Claims.

B. Chapter 7 Liquidation

If the Plan is not confirmed, it is likely that the Debtor's Chapter 11 Case would be converted to a case under Chapter 7 of the Bankruptcy Code. In Chapter 7, the Court would appoint (or the creditors elect) a trustee to liquidate the Debtor's assets for distribution 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 Expenses and Priority Claims are entitled to be paid in cash and in full before General Unsecured Creditors receive any funds.

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

Based on the opinion of the Debtor, the Debtor's creditors will receive substantially less in a liquidation of the Debtor's assets. Specifically, in a Chapter 7 liquidation, the General Unsecured Claims would receive no recovery on their Claims. A copy of the Debtor's Liquidation Analysis is attached hereto as Exhibit 2.

C. Alternative Plan

It is anticipated that other reorganized plans may be submitted in the event Debtor's Plan is not confirmed.

X.
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO THE DEBTOR AND TO HOLDERS OF CLAIMS AND EQUITY INTERESTS AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986 (TITLE 26, UNITED STATES CODE), AS AMENDED TO THE DATE HEREOF (THE "TAX CODE"), TREASURY REGULATIONS PROMULGATED AND PROPOSED THEREUNDER, JUDICIAL DECISIONS AND PUBLISHED ADMINISTRATIVE RULES AND PRONOUNCEMENTS OF THE IRS AS IN EFFECT ON THE DATE HEREOF. CHANGES IN SUCH RULES OR NEW INTERPRETATIONS THEREOF COULD SIGNIFICANTLY AFFECT THE TAX CONSEQUENCES DESCRIBED BELOW. NO RULINGS HAVE BEEN REQUESTED FROM THE IRS. MOREOVER, NO LEGAL OPINIONS HAVE BEEN REQUESTED FROM COUNSEL WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN.

THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN TO THE HOLDERS OF CLAIMS AND EQUITY INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. IN ADDITION, THIS DISCUSSION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTOR OR THE HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS (SUCH AS HOLDERS WHO DO NOT ACQUIRE THEIR CLAIM ON ORIGINAL ISSUE), NOR DOES THE DISCUSSION DEAL WITH TAX ISSUES PECULIAR TO CERTAIN TYPES OF TAX PAYERS (SUCH AS DEALERS IN SECURITIES, S CORPORATIONS, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX-EXEMPT ORGANIZATIONS AND FOREIGN TAXPAYERS). NO ASPECT OF FOREIGN, STATE, LOCAL OR ESTATE AND GIFT TAXATION IS ADDRESSED.

THE FOLLOWING SUMMARY IS, THEREFORE, NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR EQUITY INTEREST. HOLDERS OF CLAIMS OR EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES PECULIAR TO THEM UNDER THE PLAN. THE DEBTOR ASSUMES NO RESPONSIBILITY FOR THE TAX EFFECT THAT CONFIRMATION AND RECEIPT OF ANY DISTRIBUTION UNDER THE PLAN MAY HAVE ON ANY GIVEN CREDITOR OR OTHER PARTY IN INTEREST.

A. General

No administrative rulings will be sought from the Internal Revenue Service (hereinafter "IRS") with respect to any of the federal income tax aspects of the Plan. Consequently, there can be no assurance that the treatment described in the Plan will be accepted by the IRS. No opinion of counsel has either been sought or obtained with respect to the federal income tax aspects of the Plan.

B. IRS Circular 230 Disclosure

THIS DISCLOSURE STATEMENT IS WRITTEN TO SUPPORT THE PROMOTION OR THE MARKETING OF TRANSACTIONS DISCUSSED HEREIN. TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, THE DEBTOR IS INFORMING YOU THAT THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-

RELATED PENALTIES THAT MAY BE IMPOSED ON SUCH TAXPAYER UNDER THE TAX CODE. TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

C. Consequences to Holders of Claims

1. Realization and Recognition of Gain or Loss in General:

The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, upon the origin of the holder's Claim, when the holder's claim becomes an Allowed Claim, when the holder received payment in respect of such Claim, whether the holder reports income using the accrual or cash method of accounting, whether the holder has taken a bad debt deduction or worthless security deduction with respect to such claim, whether the Claimant receives consideration in more than one tax year of the Claimant, whether the Claimant is a resident of the United States, whether all the consideration received by the Claimant is deemed to be received by that Claimant in an integrated transaction and whether the holder's Claim constitutes a "security" for federal income tax purposes.

Generally, a holder of an Allowed Claim will realize gain or loss on the exchange under the Plan of its Allowed Claim for stock and other property (such as Cash and new debt instruments), in an amount equal to the difference between (i) the sum of the amount of any Cash and the issue price of any debt instrument (other than any consideration attributable to a Claim for accrued but unpaid interest), and (ii) the adjusted basis of the Allowed Claim exchanged therefore (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). The treatment of accrued but unpaid interest and amounts allocable thereto varies depending on the nature of the holder's claim, such as (i) the nature and origin of the Claim; (ii) the tax status of the holder of the Claim; (iii) whether the holder is a financial institution; (iv) whether the Claim is a capital asset in the hands of the holder; (v) whether the Claim has been held for more than one (1) year; and/or (vi) the extent to which the holder previously claimed a loss, bad debt deduction or charge to a reserve for bad debts with respect to the Claim, and is discussed below.

Whether or not such realized gain or loss will be recognized for federal income tax purposes will depend in part upon whether such exchange qualifies as a recapitalization or other "reorganization" as defined in the Tax Code, which may in turn depend upon whether the Claim exchanged is classified as a "security" for federal income tax purposes. The term "security" is not defined in the Tax Code or in the Treasury Regulations. One of the most significant factors considered in determining whether a particular debt instrument is a security is the original term thereof. In general, the longer the term of an instrument, the greater the likelihood that it will be considered a security. Generally, a debt instrument having an original term of 10 years or more will be classified as a security, and a debt instrument having an original term of fewer than five years will not. Debt instruments having a term of at least five years but less than 10 years are likely to be treated as securities, but may not be, depending upon their resemblance to ordinary promissory notes, whether they are publicly traded, whether the instruments are secured, the financial condition of the debtor at the time the debt instruments are issued, and other factors.

Each holder of an Allowed Claim should consult his or her own tax advisor to determine whether his or her Allowed Claim constitutes a security for federal income tax purposes.

2. Accrued Interest:

In general, to the extent any amount received by a holder of an Allowed Claim is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder generally will recognize a deductible loss to the extent any accrued interest claimed was previously included in gross income and is not paid in full. Each holder of an Allowed Claim is urged to consult its tax advisor regarding the allocation of consideration and deductibility of unpaid interest for tax purposes.

A holder, who, under his accounting method, was not previously required to include in income, accrued but unpaid interest attributable to its existing Claims, and who exchanges its interest Claim for cash, or other property, pursuant to the Plan will be treated as receiving ordinary interest income to the extent of any consideration so received allocable to such interest, regardless of whether that holder realizes an overall gain or loss as a result of the exchange of its existing Claims.

3. Withholding:

All distributions to holders of Claims under the Plan are subject to any applicable withholding. Under federal income tax law, interests, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at a 28% rate. Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

4. Consequences to Debtors or Reorganized Debtors - Discharge of Indebtedness Income Generally:

In general, the discharge of a debt obligation by a debtor for an amount less than the adjusted issue price (generally, the amount received upon incurring the obligation plus the amount of any previously amortized original issue discount and less the amount of any previously amortized bond issue premium) gives rise to cancellation of indebtedness ("COD") income which must be included in a debtor's income for federal income tax purposes, unless, in accordance with section 108(e)(2) of the Tax Code, payment of the liability would have given rise to a deduction. A corporate debtor that issues its own stock or its own debt in satisfaction of its debt is treated as realizing COD income to the extent the fair market value of the stock or the issue price of new debt issued is less than the adjusted issue price of the old debt. COD income is not recognized by a taxpayer that is a debtor in a title 11 (bankruptcy) case if a discharge is

granted by the Bankruptcy Court or pursuant to a plan approved by the Bankruptcy Court (the "Bankruptcy Exclusion Rules").

The Debtor has not determined if any COD income will be realized pursuant to the Plan, but believes that the COD income, if any, will not be recognized by the Debtor due to the Bankruptcy Exclusion rules. However, the Debtor, as a result of the exception, may be subject to a reduction of certain of its "tax attributes" if any, to the extent that COD income is not recognized under the Bankruptcy Exclusion Rules. Thus, while the Debtor will not recognize taxable income from discharge of indebtedness, it may experience reductions in (i) any net operating losses ("NOL") that have accumulated, (ii) the tax basis of its property, and (iii) other tax attributes, as set forth in section 108(b)(2) of the Tax Code.

Nothing herein shall be construed as advice to the Reorganized Debtor; the Reorganized Debtor is relying solely on its own tax counsel and/or professionals for such advice.

The federal income tax consequences of the Plan are complex and subject to 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 foreign, state or local tax consequences of the Plan, and it does not purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, insurance companies, financial institutions, small business investment corporations, regulated investment companies, tax-exempt organizations or investors in pass through entities).

ACCORDINGLY, ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES TO THEM OF THE PLAN.

XI.
CONCLUSION

This Disclosure Statement has attempted to provide information regarding the Debtor's bankruptcy estates and the potential benefits that accrue to holders of Claims against the Debtor under the Plan as proposed. The Debtor urges creditors to vote in favor of the Plan.

Dated: June 14, 2016.

Respectfully submitted,

By: */s/ William D. Neville, President*
William D. Neville, President

OF COUNSEL:

COOPER & SCULLY, PC.

By: */s/ Julie M. Koenig*
Julie M. Koenig
SBA# 14217300
Fed Id# 10396
815 Walker, Suite 1040
Houston, Texas 77002
713/236-6800 (Telephone)
713/236-6880 (Telecopier)
Julie.Koenig@cooperscully.com

Attorneys for the Debtor