

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§	
	§	CASE NO. 16-31578-H1-11
BAYTEX CREDIT CORP.	§	
	§	CHAPTER 11
DEBTOR	§	

**SECOND AMENDED DISCLOSURE STATEMENT FOR DEBTOR'S
PLAN OF REORGANIZATION**

Dated: June 7, 2016

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I. INTRODUCTION

A. The Disclosure Statement

On April 1, 2016, Baytex Credit Corp. (the “Debtor”) commenced a voluntary case under Chapter 11 of the Bankruptcy Code. Pursuant to section 1125 of the Bankruptcy Code, the Debtor submits this Disclosure Statement (the “Disclosure Statement”) in connection with: (i) the solicitation of acceptances or rejections of the Debtor’s Plan of Reorganization (the “Plan”), under Chapter 11 of the Bankruptcy Code filed by the Debtor; and, (ii) the hearing to consider confirmation of the Plan. The Debtor intends to seek approval by the Bankruptcy Court for a consolidated hearing to consider the adequacy of the Disclosure Statement as well as confirmation of the Plan. The Debtor will serve all affected Creditors and parties-in-interest with a notice setting the date of the hearing. Unless otherwise defined herein (or as defined elsewhere in the body of the Plan), all capitalized terms contained herein have the meanings ascribed to them in the “Definitions” of the Plan.

Attached as Exhibits to this Disclosure Statement are copies of the following:

- Exhibit “A” – Debtor’s Plan of Reorganization
- Exhibit “B” – Shareholder Impact Analysis

In addition, a ballot for the acceptance or rejection of the Plan is enclosed with this Disclosure Statement to enable each holder of an Allowed Claim or Allowed Equity Interest entitled to vote to accept or reject the Plan.

The Bankruptcy Court will hold a hearing to determine whether this Disclosure Statement contains adequate information of a kind and in sufficient detail to enable a hypothetical and reasonable investor, typical of the Debtor’s Creditors and Equity Interest Holders, to make an informed judgment as to whether to accept or reject the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN. HOWEVER, THE DEBTOR RECOMMENDS ACCEPTANCE OF THE PLAN BY CREDITORS.**

The Debtor will request approval by the Bankruptcy Court for certain deadlines, procedures, and instructions for soliciting acceptance or rejection of the Plan by Creditors. The proposed deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan and the applicable standards for tabulating Ballots are as follows:

Voting Deadline	July 6, 2016 at 3:00 p.m. (CST)
Confirmation Objection Deadline	July 6, 2016 at 3:00 p.m. (CST)

Confirmation Hearing

July 13, 2016 (subject to change)

Ballots shall be returned by mail, fax, or e-mail to the Debtor's counsel, at the address reflected on the ballots, by the Voting Deadline set forth above. Objections to confirmation of the Plan, if any, shall be (a) made in writing, (b) filed with the Clerk of the Bankruptcy Court at 515 Rusk Avenue, Houston, Texas 77002, (c) served in such manner as to be actually received by the Debtor's counsel and the Office of the United States Trustee for the Southern District of Texas no later than the Confirmation Objection Deadline set forth above, and (d) state with particularity (i) the name and address of the objection party, (ii) the nature and amount of any claim or equity interest asserted against the Debtor, and (iii) the factual and legal basis of each and every objection to confirmation. Objections not timely filed and served in accordance herewith may be overruled.

PLEASE NOTE THAT THE FOREGOING DEADLINES, PROCEDURES, AND INSTRUCTIONS ARE PRELIMINARY AND ARE SUBJECT TO APPROVAL AND MODIFICATION BY THE BANKRUPTCY COURT. YOU WILL RECEIVE A SEPARATE NOTICE BY THE DEBTOR REGARDING THE APPLICABLE DEADLINES, PROCEDURES, AND INSTRUCTIONS FOR VOTING TO ACCEPT OR REJECT THE PLAN, AND TO THE EXTENT SUCH NOTICE CONTAINS INFORMATION DIFFERENT FROM THIS DISCLOSURE STATEMENT, THE FORMER WILL CONTROL.

Each Holder of an Allowed Claim or Allowed Equity Interest entitled to vote on the Plan should read the Disclosure Statement, the Plan, the Disclosure Statement Order, and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the Classification of Claims and Equity Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to Section 1125 of the Bankruptcy Code.

B. Disclosure Statement Disclaimers

1. Disclosure Statement Was Not Approved by the Securities and Exchange Commission

This Disclosure Statement was not filed with the Securities and Exchange Commission under the Securities Act or with any state agency under applicable state securities laws. Neither the Securities and Exchange Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

2. Disclosure Statement May Contain Forward Looking Statements

This Disclosure Statement may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may", "expect", "anticipate", "estimate", or "continue" or the negative

thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The Financial Projections and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates, or projections may or may not turn out to be accurate.

3. No Legal or Tax Advice is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his, her or its Claim or Equity Interest.

4. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by an Entity (including, without limitation, the Debtor) nor (b) be deemed evidence of the tax or other legal effect of the Plan on the Debtor, Holders of Allowed Claims or Equity Interests, or any other parties in interest.

5. Failure to Identify Litigation Claims or Projected Objections

If a cause of action is not specifically and unequivocally identified, then it does not vest in the Reorganized Debtor. The Debtor has not identified any causes of action to pursue post-confirmation.

6. No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtor to object to that Holders' Allowed Claim, or to bring Causes of Action or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any Claims or Causes of Action of the Debtor or its Estate are specifically or generally described herein.

7. Potential for Inaccuracies

The Debtor makes the statements contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtor has used its reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtor nonetheless cannot, and does not, confirm the current accuracy of all statements appearing in this Disclosure

Statement. Further, although the Debtor may subsequently update the information in this Disclosure Statement, the Debtor has no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

8. No Representations Outside the Disclosure Statement Are Authorized

No representations concerning or relating to the Debtor, the Debtor's Chapter 11 case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. You should promptly report unauthorized representations or inducements to counsel to the Debtor and the United States Trustee.

C. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, Chapter 11 promotes fair and equitable treatment for similarly situated creditors and similarly situated equity interest holders, subject to the priority scheme prescribed by the Bankruptcy Code.

The commencement of a Chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the Petition Date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

Consummating a plan is the principal objective of a Chapter 11 case. The Bankruptcy Court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the Bankruptcy Court confirming a plan provides for the treatment of the debtor's debt in accordance with the terms of the confirmed plan.

D. Summary of Class Status and Voting Rights

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. Holders of claims that are not impaired by the Plan are conclusively presumed to accept the Plan under Section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan. Holders of Claims and Equity Interests that are impaired by the Plan and receive no distributions under the Plan are not entitled to vote because they are deemed to have rejected the Plan under Section 1126(g) of the Bankruptcy Code.

The Classes of Claims and Equity Interests are classified for all purposes, including voting, Confirmation and distribution pursuant to the Plan and Sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or an Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that

Class and will be deemed classified in a different Class to the extent that any remainder of the Claim or Equity Interest qualifies within the description of a different Class.

Class 1 (General Unsecured Claims) This Class is impaired by the Plan and Holders of Allowed Unsecured Claims are entitled to vote to accept or reject the Plan.

Class 2 (Equity Interests) This Class is impaired by the Plan. The holders of Allowed Equity Interests are entitled to vote to accept or reject the Plan.

The Bankruptcy Code defines "acceptance" of a plan by a Class of Claims as acceptance by creditors in that Class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan.

If a Class of Claims or Equity Interests receiving value under the Plan rejects the Plan or is deemed to reject the Plan, the Debtor has the right to request confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code. Section 1129(b) permits the confirmation of a plan notwithstanding the non-acceptance of such plan by one or more Impaired Classes of Claims or Equity Interests. Under that section, a plan may be confirmed by the Bankruptcy Court if it does not "discriminate unfairly" and it is "fair and equitable" with respect to each non-accepting Class of Claims entitled to vote. If one or more of the Classes entitled to vote on the Plan votes to reject the Plan, the Debtor may request confirmation of the Plan over the rejection of the Plan by such Class or Classes. The determination as to whether to seek confirmation of the Plan under such circumstances will be announced before or at the Confirmation Hearing.

E. Voting Procedures.

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for the purpose of voting on the Plan (the "Ballot"). If you hold a Claim or Claims in more than one Class and you are entitled to vote Claims in more than one Class, you will receive separate Ballots, for each such Claims, which must be used for each separate Class of Claims. Please return your Ballot(s) to:

Jarrold B. Martin
NATHAN SOMMERS JACOBS,
A PROFESSIONAL CORPORATION
2800 Post Oak Blvd. 61st Floor
Houston, TX 77056
(713) 960-0303 (main)
(713) 892-4800 (fax)
email: jmartin@nathansommers.com

DO NOT RETURN ANY OTHER DOCUMENTS OR INSTRUMENTS WITH YOUR BALLOT. TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN 5:30 P.M., CENTRAL

DAYLIGHT TIME, FOURTEEN (14) DAYS BEFORE THE CONFIRMATION HEARING AS SCHEDULED BY THE BANKRUPTCY COURT (THE "VOTING DEADLINE"). ANY EXECUTED BALLOT RECEIVED THAT DOES NOT REFLECT EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL NOT BE COUNTED. ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE SHALL NOT BE COUNTED.

Any Claim in an Impaired Class as to which an objection or request for estimation is pending or which is scheduled by the Debtor as unliquidated, disputed or contingent is not entitled to vote for acceptance or rejection of the Plan, unless the holder of such Claim has obtained an Order of the Bankruptcy Court Temporarily Allowing such Claim for the purpose of voting on the Plan.

If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot, or lost your Ballot; or if you have any questions concerning the Disclosure Statement, the Plan, or the procedures for voting on the Plan, please contact Debtor's counsel at the address, phone number, and/or email address referenced above.

F. Confirmation Hearing.

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on a date to be selected by the Bankruptcy Court. Creditors and parties-in-interest will receive notice from the Debtor and/or the Bankruptcy Court setting forth the date and time of the Confirmation Hearing. The Debtor has proposed that the hearing for confirmation of the plan and disclosure statement be heard simultaneously on July 13, 2016. The Debtor has proposed that objections, if any, to confirmation of the Plan be served and filed at least seven (7) days before the Confirmation Hearing, as described in Section IV.B below. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ALL SUMMARIES.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT.

THE DEBTOR BELIEVES THAT THE PLAN IT PROPOSES WILL ENABLE IT TO MOST EFFECTIVELY UTILIZE ITS ASSETS, GENERATING THE HIGHEST RETURN ON ITS ASSETS, THEREBY PROVIDING ALL OF ITS CREDITORS WITH MORE THAN THEY WOULD OTHERWISE RECEIVE IF THE CASE WERE CONVERTED TO ONE UNDER

CHAPTER 7 OF THE BANKRUPTCY CODE. FOR THESE REASONS, THE DEBTOR BELIEVES THAT THE PROPOSED PLAN WILL MORE EFFECTIVELY ACCOMPLISH THE OBJECTIVES OF CHAPTER 11, THAN IF THE CASE IS CONVERTED OR DISMISSED. THEREFORE, THE DEBTOR BELIEVES AND MAINTAINS THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF ALL OF ITS CREDITORS AND EQUITY INTEREST HOLDERS. AS A RESULT, THE DEBTOR URGES THAT ALL CREDITORS WHOM ARE ENTITLED TO VOTE ON ACCEPTANCE OR REJECTION OF THE PLAN EXERCISE THEIR RIGHT TO DO SO IN FAVOR OF CONFIRMATION OF THE PLAN PROPOSED BY THE DEBTOR.

After carefully reviewing this Disclosure Statement, including the Exhibits, each holder of an Allowed Claim in Class 1 should vote to accept or reject the Plan.

II. GENERAL INFORMATION

A. Description and History of Business and the Purpose of the Bankruptcy

1. Description and History of the Business

Following its organization in 1989, the company has been engaged in services for businesses in the oilfield services sector. During 2011 and 2012, the company acquired receivables from a Chapter 7 debtor that was an operator of oilfield leases. It proceeded to collect on the claims of the debtor through 2012. In 2012, the Debtor collected \$213,971 in gross revenue. In 2013, the Debtor had a net operating loss of \$23,398.00. In 2014, the Debtor had a net operating loss of \$5,960.00. In 2013 and 2014, the Debtor attempted receivable collections that proved unprofitable. In the past three years, Baytex has had operations and was paying federal income taxes on its net earnings. However, those net earnings evaporated and the net operating losses consumed the equity and caused the company to become insolvent. It has recently engaged in the licensing of software used in the management of food and beverage operations. The Debtor believes that with the infusion of capital provided through the plan, that it will be able to realize significant profits from the marketing of this software to pay creditors and preserve equity.

2. Purpose of the Bankruptcy

The Debtor filed its Chapter 11 case to obtain the time necessary to reorganize its financial affairs, maximize the value of its assets, and pay its creditors. The Debtor had insufficient funds to pay Revenue, LLC the \$250,000.00 owed on its promissory note. If the promissory note matured unpaid, the Debtor would lose access to the revenue software. The Debtor approached Revenue, LLC and requested that the terms of the promissory note be changed to allow for additional time. Revenue, LLC communicated to the Debtor that no such deal would be forthcoming unless the Debtor filed for Chapter 11 bankruptcy protection, as Revenue, LLC desired the disclosure

requirements that go hand-in-hand with a bankruptcy filing. The Chapter 11 filing will also assist the Debtor in obtaining financing to market the software. Investors desire the certainty that bankruptcy disclosures provide. The Debtor's goal is to confirm a plan of reorganization to help it achieve the above-referenced objectives. The plan of reorganization will restructure the Debtor's debt while preserving the interests of equity holders.

III. SUMMARY OF THE PLAN

A. General Summary of Classes and Treatment of Claims and Interests

The following briefly summarizes the classification and treatment of Claims and Equity Interests under the Plan. In addition, the table details the Debtor's estimates of the amounts of Claims within each Class.

The following should not be relied upon for a complete detail of the terms of the treatment of each Claim against and/or Interest in the Debtor. Rather, attention should be directed to the Plan attached hereto as Exhibit "A".

Administrative Expense Claims. Administrative Expense Claims consist of: (1) unpaid post-petition business obligations, (2) allowed professional fees; (3) unpaid post-petition taxes not secured by a lien, (4) unpaid U.S. Trustee's fees; (5) unpaid, post-petition payroll and employee benefits, if any, and (6) unpaid reclamation claims pursuant to 11 U.S.C. § 546. The Debtor believes that it will have sufficient funds on the Effective Date to pay all Administrative Expense Claims in full in cash or in accordance with one or more separate agreements made by the Debtor with the Holders of Allowed Administrative Expense Claims.

Class 1 – General Unsecured Claims

Office Trade Company, Ltd.

Office Trade Company is a limited liability company owned by the Debtor's principle, William Vincent Walker. On November 15, 2015, the Debtor signed a promissory note payable to Office Trading Company for \$600,000.00. The Debtor has made no payments on this promissory note. The \$600,000.00 is debt accrued from advances and services rendered by Office Trade Company over the previous five years. During that period, Office Trade Company assisted the Debtor in obtaining leases and collecting lease payments on oil sand projects in Wyoming.

Spur Growth Partners, LLC

Spur Growth Partners, LLC is a company owned by Martin Estill ("Mr. Estill"). Mr. Estill will join the Reorganized Debtor as its Chief Executive Officer and as a Member of the Board of Directors overseeing management of the Reorganized Debtor. On November 15, 2015,

the Debtor signed a promissory note payable to Spur Growth Partners, LLC for \$400,000.00. The Debtor has made no payments on this promissory note. In consideration for the promissory note, Spur Growth Partners, LLC offered the services of Mr. Estill to acquire the asset from Revenue LLC, defined the go to marketing strategy and initial market review for the future sale of re:venue and will continue to assist in the marketing of the Debtor's software and soliciting investors. Mr. Estill will not charge the Debtor for any post-petition services rendered.

Revenue, LLC

Revenue, LLC is a Seattle-based software company focused on delivering web-based marketing technology to the restaurant industry. William Walker is a passive investor in Revenue, LLC and owns 5% of the total ownership shares. Martin Estill is a passive investor in Revenue, LLC and owns 53% of the total ownership shares. On October 30, 2015, the Debtor signed a promissory note payable to Revenue, LLC for \$250,000.00. In the event the Debtor fails to repay the promissory note before November 1, 2016, the intellectual property rights associated with the re:venue software will be returned to Revenue, LLC. Revenue, LLC is incentivized to vote in favor the Plan to expand the market for the re:venue technology. If the Debtor effectively markets, sells, and continues to develop the software, Revenue, LLC. benefits through the active growth of the software.

Class 1 consists of all Allowed Unsecured Claims. In the event no objection is filed to an Unsecured Claim, such Claim shall be deemed Allowed as filed (or, if not filed, as scheduled by the Debtor).

On or reasonably promptly after the Effective Date, each Holder of an Allowed Unsecured Claim shall receive a promissory note issued by the Debtor substantially similar to the promissory note attached to the Plan as Addendum A in the face amount of **FORTY PERCENT (40%)** of the original principal amount of such Holder's Allowed Unsecured Claim. For example, a Holder of an Allowed Unsecured Claim in the original principal amount of \$250,000 shall receive a promissory note in the face amount of \$100,000.

In addition, on or reasonably promptly after the Effective Date, each Holder of an Allowed Unsecured Claim shall receive a number of shares of common stock in the Reorganized Debtor equal to **ONE HUNDRED AND TWENTY PERCENT (120%)** of the original principal amount of such Holder's Allowed Unsecured Claim. A breakdown of this treatment is as follows:

Creditor	Original Debt	New Debt in Plan	New Shares
Revenue, LLC	\$250,000.00	\$100,000.00	300000
Spur Growth Partners, LLC	\$400,000.00	\$160,000.00	480000
Office Trade Company	\$600,000.00	\$240,000.00	720000

Total Issued Shares Prior to Filing: 1,101,000

Total Issued Shares if Plan Confirmed: 2,601,000

Class 1 is *impaired* and the Holder of a Claim in Class 1 is entitled to vote to accept or to reject the Plan. The negotiations between Class 1 holders' treatment under the Plan occurred pre-petition between Mr. Estill, Mr. Walker, and Devlin McGill, the President of Revenue, LLC and Travelers Pubs, Inc. The number of shares issued to Class 1 reflects the price point at which the Debtor intends to sell shares to future investors.

Class 2 - Equity Interests

Class 2 consists of Equity Interests in the Debtor. The Debtor's issuance of additional shares as provided for under the Plan shall occur in accordance with and shall comply in all respects with the Debtor's existing corporate governance documents. To the extent that the Debtor's issuance of additional shares requires the approval of a sufficient number of outstanding Equity Interests, such approval shall continue to be required under the Plan.

The Debtor issued 122,000 shares between October 15, 2015 and February 29, 2016. No shareholders paid any funds for their shares. 44,000 shares were issued by the Debtor to individuals in Washington state. These shares were issued to employees, and friends and family members of employees, of the various pubs in the Seattle area, the primary customer for the revenue software. The remaining 78,000 shares were issued to friends of the Debtor's principal, William Walker. These shareholders mostly reside in Texas, with others scattered around the United States.

The Plan proposes to dilute shareholders. Attached to this Disclosure Statement as Exhibit B is a table reflecting the dilution of shareholders after shares are issued to Class 1, and after additional investors are solicited post-confirmation. For example, an individual with 1,000 shares currently has a .09% equity interest in the Debtor. The Plan proposes to dilute that shareholders interest to .05%. The Plan further proposes to dilute that interest if the Debtor is successful in obtaining post-confirmation investors. If these hypothetical investors purchase \$1,000,000 in shares, a current shareholder with 1,000 shares will be further diluted to .03%.

Class 2 is *impaired* and the Holder of a Claim in Class 2 is entitled to vote to accept or to reject the Plan.

Alternate Treatment for Holders of Allowed Claims.

Notwithstanding the treatment provided for Holders of Allowed Claims under the Plan, the Debtor and the Holder of an Allowed Claim may agree to other treatment of such Claim, including payment in Cash, provided that such treatment shall not provide a return having a present value in excess of the present value of the distribution that otherwise would be made to such Holder under the Plan.

B. Means of Implementation of the Plan.

1. The Continued Existence and Operation of the Debtor

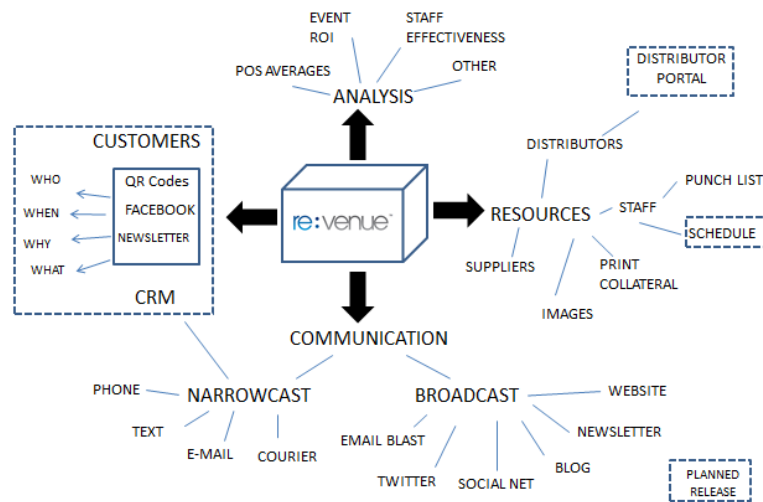
From and after the Confirmation Date, the Debtor shall continue in existence after the Effective Date as the Reorganized Debtor, a corporation subject to the laws of the State of Texas. The Reorganized Debtor shall continue to own the software and intellectual property known as RE:VENUE and will market, sell, and deliver its web-based service to new clients.

The RE:VENUE software focuses on two areas:

- Events: Creating events and effectively communicating them through a user's social networking sites. A bar or restaurant would use this feature to fill dead nights. For example, one pub in Seattle discovered that using the Event features in the software consistently turned slow days into busy days.
- Marketing Essentials: This is a suite of basic tools for customers to utilize in maintaining their brand, avoiding extra costs and having a secure work area for all of us to create and deliver all of our marketing material.

The Reorganized Debtor intends to raise new capital totaling at least \$500,000 to cover the sales costs associated with marketing to the restaurant/bar market sector in the United States. The Reorganized Debtor's target market consists of over 600,000 companies with a total annual revenue of \$384 billion. The market is fragmented and very competitive, with a majority of target accounts being in the small to medium range. To effectively compete in attracting new and repeat clients, the RE:VENUE event based e-marking platform provides a competitive advantage to the target owner/operators. Pubs utilizing this software in Seattle have experienced substantial increase in gross revenue. The Reorganized Debtor's business plan provides for a sustainable annual revenue model through subscription licensing to the target market with variable priced offerings including: web-based broadcast offering; "eventcast" offering; and "supercast" offering. The latter two include "narrowcast" marketing options within the RE:VENUE solution. The system includes all forms of broadcast electronic communications: website, e-newsletter, blog, email, and automatic updates to social networks (Facebook, twitter, etc.). The narrowcast communications personalize the message and have a significantly higher effective result in comparison to broadcasting. The resources essential to make an event a success are assigned and managed through the portal. The analytical capabilities quantify the effectiveness of events and resources to provide meaningful results for future decisions.

The following chart outlines the capabilities of the software:



2. Payments under the Plan

As set forth more fully in the feasibility projections attached to the Plan as Addendum B, the Plan envisions the following monthly payments to the Holders of Allowed Unsecured Claims on account of the promissory notes issued under the Plan, in addition to normal ongoing operating expenses, beginning in 2018:

- A. REVENUE LLC \$6,000/month
- B. SPUR GROWTH PARTNERS, LLC \$9,600/month
- C. OFFICE TRADE COMPANY \$14,400/month
- D. The Plan further contemplates that Holders of Equity Interests may not receive distributions on account of such Equity Interest until the unpaid balance of all promissory notes issued to the Holders of Allowed Unsecured Claims pursuant to the Plan is paid in full.

3. History of the RE:VENUE Software and the Debtor's Marketing Plan

Traveler Pubs, Inc. a Seattle based restaurant group, approached their web development provider to have them expand their site to include some new capabilities that would help create new sales for Traveler Pubs. Mr. Estill is a founder and owner of Traveler Pubs Inc. with a fully diluted ownership of twenty-six percent (26%) of the company. William Walker does not own any shares of Traveler Pubs Inc. In late 2009 the housing bubble burst, and Traveler Pubs was significantly impacted by reduced sales. The challenge for them, and for every restaurant and bar, was to try and find a way to get new clients in the door and retain the customers that they already

had. 25% of the restaurants and bars in Seattle went out of business over the next 2 years. The owners of Traveler Pubs, through their web developer, created a series of tools to simplify electronic marketing through blogs, the website and social media which evolved to become the re:venue software. This led to a review of all the business software on the market to find a solution that would help create and manage marketing and sales efforts. There were no solutions available then or today.

Revenue, LLC was formed to commercialize the re:venue software and began testing the market in late 2011 to determine if other restaurants/bars would license and use the software. The company also encountered potential channel market partners: back-office software for restaurants and beverage distributors. The beverage distributors, in addition to being channels to the restaurants/bars, represent a second market where the software can significantly impact its business. By utilizing the software as a communication platform to reach the restaurants/bars directly on a daily basis, the distributors look to increase sales of their products.

The Debtor acquired the rights to complete the commercialization effort from Revenue LLC. They will offer a web-based solution in two linked target markets; restaurants and distributors. The software is provided on a subscription basis to both segments. By sharing the cost for the monthly subscription between retail and distributors, the Debtor believes that it can maintain a competitive price point and leverage the marketing of both segments to drive sales. The Debtor intends to obtain post-confirmation investment to market this software to restaurants, distributors, and any other industry using event-based marketing.

4. Post-Confirmation Governance of the Debtor.

Mr. Estill will join the Reorganized Debtor as its Chief Executive Officer and as a Member of the Board of Directors overseeing management of the Reorganized Debtor. Estill has over thirty years of experience in the software business. William Walker ("Walker") will continue to play a leadership role for the Reorganized Debtor by serving as Chairman of the Board of Directors.

5. The Reorganized Debtor's Duties

The Reorganized Debtor will: (1) continue its business operations; (2) pay the Estate's Professionals, pursuant to any Court order authorizing such payment; (3) adjust and pay post-confirmation claims against the Debtor and/or the Reorganized Debtor; (4) prosecute and/or compromise and settle claims held by the Reorganized Debtor against parties, including, but not limited to, claims arising under Chapter 5 of the Bankruptcy Code (such compromises and settlements shall not require Court approval, unless the dispute relates to the payment of Professional fees); (5) make distributions required by the Plan; and (6) carry out any other duties that the Reorganized Debtor is required to perform under applicable law.

6. Compensation of Officers

Neither Mr. Estill nor Mr. Walker shall be entitled to compensation from the Debtor or the Reorganized Debtor until the Debtor or the Reorganized Debtor has raised the new investment funds described above in full. Neither Mr. Estill nor Walker shall have liability to the Reorganized Debtor or the Estate with respect to any action taken or not taken during the Chapter 11 Case or at any time before the Effective Date, except for acts or omissions constituting gross negligence, willful misconduct or fraud.

7. Retention of Professionals by the Post-Confirmation Debtor

On and after the Effective Date, the Reorganized Debtor will be authorized to retain attorneys, accountants, and other professionals as necessary to implement the Plan, on any reasonable terms, without further order of the Bankruptcy Court. The Reorganized Debtor may retain counsel that previously represented the Debtor as Chapter 11 counsel, and such prior representation shall not be deemed a conflict of interest.

8. Causes of Action: Retention and Authority

Except as otherwise provided in this Plan or Confirmation Order, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that the Debtor may hold against any entity shall vest upon the Effective Date in the Reorganized Debtor. The Debtor has identified no post-confirmation causes of action, and no such unidentified causes of action shall vest upon the Effective Date in the Reorganized Debtor.

9. Closing of the Chapter 11 Case

When all Disputed Claims have become Allowed Claims, either by settlement or litigation, or have been disallowed by Final Order, and when all professional fee applications have been resolved, the Debtor may seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

10. Other Accounts

The Reorganized Debtor may retain whatever bank accounts the Debtor has presently, and may establish one or more additional checking and/or interest-bearing accounts as necessary and appropriate to effectuate the terms and provisions of the Plan.

11. Disputed Claims

The Reorganized Debtor shall make no distribution on Disputed Claims until the dispute is resolved. As Disputed Claims become Allowed Claims, the Debtor will begin paying such Allowed Claims in accordance with the classification and priority scheme set forth in the Plan.

C. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall, on and after the Effective Date, retain exclusive jurisdiction over the Chapter 11 Case, all Creditors, the Debtor, the Reorganized Debtor, and the Plan as is legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the allowance or priority of Claims and Equity Interests;
2. grant or deny any applications for allowance of compensation nor reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;
3. resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear, determine, and, if necessary, liquidate, any claims arising therefrom, including those matters related to any amendment or modification to the Plan after the Effective Date;
4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to distributions under the Plan;
5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtor after the Effective Date, provided, however, that the Reorganized Debtor shall reserve the right to commence actions in all appropriate jurisdictions;
6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures, and other agreements or documents adopted in connection with the Plan or the Disclosure Statement;
7. resolve any cases, controversies, suits, or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan, or any Person's obligations incurred in connection with the Plan;
8. issue and enforce injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

9. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked, or vacated;
10. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture, or other agreement or document adopted in connection with the Plan or the Disclosure Statement
11. enter and enforce any order for the sale of property pursuant to Sections 363, 1123, or 1146(a) of the Bankruptcy Code;
12. resolve any cases, controversies, suits, disputes, that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any entity's obligations incurred in connection with the Plan;
13. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
14. determine requests for payment of Claims and Equity Interests that may be entitled to priority pursuant to Section 507 of the Bankruptcy Code;
15. hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code; and
16. hear any other matter not inconsistent with the Bankruptcy Code.

IV. CONFIRMATION AND CONSUMMATION PROCEDURE

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

A. Solicitation of Votes.

In accordance with sections 1126 and 1129 of the Bankruptcy Code, the holders of Allowed Claims or Interests in impaired classes are entitled to vote to accept or reject the Plan. Therefore, the Debtor solicits the holders of such Claims to vote to accept the Plan.

Class 1 (General Unsecured Claims) This Class is impaired by the Plan and entitled to vote to accept or reject the Plan.

Class 2 (Equity Interests) This Class is impaired by the Plan and entitled to vote to accept or reject the Plan.

B. The Confirmation Hearing.

The Bankruptcy Code requires the Court, after notice, to hold a confirmation hearing. **The Confirmation Hearing regarding the Plan will occur on a date and time to be scheduled by the Bankruptcy Court. The Debtor has proposed that the confirmation hearing occur on July 13, 2016. The Debtor and/or the Bankruptcy Court will send Creditors and parties-in-interest notice of the Confirmation Hearing.** The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector. **The Debtor has proposed that any such objection must be filed with the Bankruptcy Court and served so that it is received by the Bankruptcy Court and the following parties at least seven (7) days prior to the Confirmation Hearing.**

Jarrod B. Martin
Nathan Sommers Jacobs,
A Professional Corporation
2800 Post Oak Blvd. 61st Floor
Houston, TX 77056
(713) 960-0303 (main)
(713) 892-4800 (fax)
email: jmartin@nathansommers.com

and

Office of the United States Trustee
Nancy Holley
515 Rusk Street, #3516
Houston, Texas 77002
Email: nancy.holley@usdoj.gov

Objections to confirmation of the Plan are governed by Bankruptcy Rules 3015 and 9014.

C. Confirmation.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of § 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (i) accepted by all impaired Classes of Claims and Equity Interests or, if rejected by an Impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (ii) feasible and (iii) in the "best interests" of creditors and stockholders which are Impaired under the Plan.

1. Acceptance

Class 1 is impaired under the Plan and Holders of Allowed Unsecured Claims in Class 1 are entitled to vote to accept or reject. Class 1 will have accepted the Plan if it is accepted by Holders of at least two-thirds in amount and more than one-half in number of the Allowed Unsecured Claims held by Creditors that have accepted or rejected the Plan.

Class 2 is impaired under the Plan and Equity Holders in Class 2 are entitled to vote to accept or reject. Class 2 will have accepted the Plan if it is accepted by Holders of at least two-third in amount and more than one-half in number of the shares held by Equity Holders that have accepted or rejected the Plan.

2. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of § 1129 of the Bankruptcy Code. The Debtor believes:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtor, as the proponent of the Plan, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Debtor's Chapter 11 case, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.
- Except to the extent the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon as is reasonably practicable thereafter.
- Confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor or any successor thereto under the Plan.
- The Debtor has paid the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.
- In addition to the filing fees paid to the clerk of the Bankruptcy Court, the Debtor will pay quarterly fees on the last day of the calendar month, following the calendar quarter for which the fee is owed in the Chapter 11 case for each quarter (including any fraction thereof), to the Office of the United States Trustee, until the case is converted or closed, whichever occurs first.

3. Feasibility

Section 1129(a) (11) of the Bankruptcy Code requires that the Bankruptcy Court find that confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless the Plan contemplates such liquidation. For purposes of

demonstrating that the Plan meets this “feasibility” standard, the Debtor has analyzed the ability of the Reorganized Debtor to meet its obligations under the Plan and to retain sufficient liquidity and capital resources to conduct its business and has determined that confirmation will not likely be followed by liquidation of the Debtor or the need for further financial reorganization. Specifically, the feasibility projections attached to the Plan as Addendum A indicate that the Debtor’s monthly cash flow is sufficient to support the obligations imposed by the Plan.

4. Best Interest of Creditors Test

Often called the “best interests” test, § 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a Chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property with a value, as of the effective date of the plan, that is no less than the amount that such holder would receive or retain if the applicable Debtor was liquidated under Chapter 7 of the Bankruptcy Code. To make these findings, the bankruptcy court must: (a) estimate the cash liquidation proceeds that a Chapter 7 Trustee would generate if a debtor’s Chapter 11 case were converted to a Chapter 7 case and the assets of such debtor’s estate were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in Chapter 7; and (c) compare such holders’ liquidation distribution to the plan distribution that such holder would receive if the plan were confirmed. The Plan satisfies this test because each Holder of a Claim or Interest will receive or retain under the Plan property with a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the applicable Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

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

The Debtor believes that through the Plan, creditors will obtain a substantially greater recovery from the Estate than they would receive if the Debtor’s assets were liquidated under Chapter 7 of the Bankruptcy Code. A rapid liquidation of the Debtor’s assets would result in a lesser distribution to unsecured creditors. Greater value will be extracted from the Debtor if it continues to operate as a going concern. By reorganizing its financial affairs through the Plan, and continuing as an operating entity generating revenue from its business, the Debtor believes that it will realize greater value for Unsecured Creditors.

D. Consummation.

The Plan will be consummated on, or as soon as is practicable after, the Effective Date.

V.
ANALYSIS OF POTENTIAL VOIDABLE TRANSFERS

A. Fraudulent Transfers

The Debtor is not aware of any transfers that may be avoidable pursuant to 11 U.S.C. §§ 548, 544(b), or 549 but the Debtor will investigate any complaints of fraudulent transfer made to the Debtor by any party in interest. The Debtor cannot say conclusively that no such transfers exist.

B. Preferential Transfers

The Debtor is not aware of any transfers that appear to be voidable preferences pursuant to 11 U.S.C. § 547(b), but the Debtor will investigate any complaints of preferential transfers made to the Debtor by any other party in interest. The Debtor cannot say conclusively that no such transfers exist.

VI.
PLAN-RELATED RISK FACTORS

ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT, INCLUDING THE DOCUMENTS DELIVERED TOGETHER HERewith, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. General

The following provides a summary of various important considerations and risk factors associated with the Plan; however, it is not exhaustive. In considering whether to object to Confirmation of the Plan, Holders of Claims and Equity Interests should read and carefully consider the factors set forth below, as well as all other information set forth or otherwise referenced or incorporated by reference in this Disclosure Statement.

B. Certain Bankruptcy Law Considerations

1. Parties in Interest May Object to the Debtor's Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtor believes that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Plan creates two (2) Classes of Claims and Equity Interests, each encompassing Claims

or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance the Bankruptcy Court will reach the same conclusion with respect to classification.

2. The Debtor May Not Be Able to Obtain Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a Chapter 11 plan, including, among other requirements, a finding by the bankruptcy court that confirmation of such plan is not likely to be followed by a liquidation or the need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan.

There can be no assurance that the Bankruptcy Court will confirm the Plan. Even if the Bankruptcy Court determines that the Disclosure Statement is appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met.

Confirmation of the Plan is also subject to certain conditions as described in the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtor, subject to the terms and conditions of the Plan, reserves the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any Class, as well as of any Classes junior to such Class, than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

3. The Debtor May Object to the Amount of a Claim

Except as otherwise provided in the Plan, the Debtor reserves the right to object to the validity or amount of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

4. Risk of Non-Occurrence of the Effective Date

Although the Debtor believes that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether such Effective Date will, in fact, occur.

5. Contingencies May Affect Distributions to Holders of Allowed Claims

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders

certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies could affect distributions available to Holders of Allowed Claims under the Plan.

C. Liquidation Under Chapter 7

If the Plan is not confirmed, the Debtor's Chapter 11 case may be converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtor for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtor believes that any such conversion would substantially diminish the distribution to Holders of Unsecured Claims.

D. Inability to Make Payments under the Plan

The Debtor's ability to make payments required by the Plan will depend upon its cash flow from future operations. While the Debtor believes that that Plan is feasible, there is no guaranty that the Debtor's future operations will be sufficient to enable the Debtor perform the obligations imposed by the Plan.

**VII.
CERTAIN FEDERAL INCOME TAX CONSIDERATIONS**

EACH CLAIM HOLDER SHOULD CONSULT ITS OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY FEDERAL, STATE, LOCAL OR FOREIGN TAX LAWS. NEITHER THE DEBTOR NOR ITS PROFESSIONALS WILL HAVE ANY LIABILITY TO ANY PERSON OR CLAIM HOLDER ARISING FROM OR RELATED TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN. THE DEBTOR DOES NOT BELIEVE THAT THE TERMS OF THE PLAN WILL HAVE NEGATIVE TAX CONSEQUENCES FOR MOST CLAIMANTS, BUT THE DEBTOR IS UNFAMILIAR WITH PARTICULAR TAX CIRCUMSTANCE OF ITS CREDITORS AND IS NOT QUALIFIED TO GIVE TAX ADVICE TO THEM. CREDITORS AND EQUITY HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AND NOT RELY UPON THE DEBTOR OR ITS COUNSEL FOR TAX ADVICE. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE TAX ADVICE.

**VIII.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

If the Plan is not confirmed and consummated, the Debtor's alternatives include (i) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code and (ii) the preparation and presentation of an alternative plan or plans of reorganization.

A. Liquidation under Chapter 7

If no Chapter 11 plan can be confirmed, the Chapter 11 Case may be converted to one under Chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtor. The Debtor believes that a conversion to and liquidation under Chapter 7 would result in negligible, if any, distribution to Unsecured Creditors.

B. Alternative Plan of Reorganization

If the Plan is not confirmed, the Debtor or other parties in interest may attempt to formulate a different plan meeting the requirements of Chapter 11 of the Bankruptcy Code.

As would be the case in the event of a conversion, if, under an alternative plan, any other Professionals were to take the reins of this case, then work performed and decisions already considered and made by the Debtor's current Professionals would, at best be duplicated, as no Professionals stepping into the case anew would simply accept the conclusions and decisions made by the Debtor's representatives, as advised by the Debtor's attorneys, wholesale and without conducting an independent review with advice of counsel and other advisors, all of whom would be entitled to seek compensation for the Estate. Therefore, the Debtor solicits the Holders of all Allowed Claims in all Classes entitled to vote on acceptance or rejection of the Plan to accept it.

**IX.
MISCELLANEOUS PROVISIONS**

A. Payment of Statutory Fees

All fees payable pursuant to Article 1930 of title 28 of the United States Code after the Effective Date, as determined by the Bankruptcy Court at a hearing pursuant to § 1128 of the Bankruptcy Code, shall be paid when due prior to the closing of the Chapter 11 case.

B. Successors and Assigns

Except as otherwise provided in the Plan, the rights, benefits, and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

C. Governing Law

Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the state of Texas, without giving effect to the principles of conflict of laws thereof.

D. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained in the Plan, nor the taking of any action by a Debtor with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) the Debtor with respect to the Holders of Claims or Equity Interests or other parties in interest; or (2) any Holder of a Claim or other party in interest prior to the Effective Date.

E. Plan Proposed in Good Faith

Upon entry of the Confirmation Order, the Debtor will be deemed to have proposed the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to and in compliance with §§ 1121 through 1129 of the Bankruptcy Code, the Debtor and its agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in proposing the Plan.

F. Further Assurances

The Debtor, the Reorganized Debtor, all Holders of Claims receiving distributions pursuant to the Plan, and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

G. Service of Documents

Any notice, request, or demand to or upon the Debtor shall be in writing (including by facsimile transmission or email) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission and/or email, when received and telephonically confirmed, addressed as follows to the Debtor or the Estate:

Baytex Credit Corp.
c/o Jarrod B. Martin
NATHAN SOMMERS JACOBS,
A PROFESSIONAL CORPORATION
2800 Post Oak Blvd. 61st Floor
Houston, TX 77056
(713) 960-0303 (main)
(713) 892-4800 (fax)
email: jmartin@nathansommers.com

H. Filing of Additional Documents

On or before the Effective Date, the Debtor may file with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

I. Term of Injunction or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 case pursuant to Sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant of the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms. Furthermore, all Creditors shall be enjoined from the commencement or continuation of any action or proceeding against the Reorganized Debtor, the Expense Reserve Fund, or any Estate Funds following the Effective Date, except for: (1) actions or proceeding filed in the Bankruptcy Court for the purpose of enforcing the terms of the Plan; (2) orders granting relief from the automatic stay entered before the Effective Date; and (3) the rights of taxing authorities to enforce their lien claims arising after the Effective Date, which actions shall not be enjoined.

J. Entire Agreement

Except as otherwise indicated, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

K. Conflicts

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing) conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

L. Severability

If, prior to the entry of the Confirmation Order on the docket of the Chapter 11 case, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter or interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and

may not be deleted or modified without the Debtor's consent; and (3) non-severable and mutually dependent.

M. Article 1146 Exemption

Pursuant to § 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

N. Immediate Binding Effect

Upon the occurrence of the Effective Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor, and any and all Holders of Claims and Equity Interests (irrespective of whether such Claims or Equity Interests are deemed to have accepted the Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions, if any, described in the Plan, each entity acquiring property under the Plan, and any and all non-Debtor parties to executory contracts and unexpired leases with the Debtor, if any.

X.

CONCLUSION AND RECOMMENDATION

The Debtor believes the Plan is in the best interests of all Holders of Claims and Equity Interests.

Dated: June 7, 2016

BAYTEX CREDIT CORP.

By: /s/ William Vincent Walker
William Vincent Walker,
Chairman and Director

By: /s/ Jarrod Martin
Jarrod Martin
State Bar No. 24070221
Nathan Sommers Jacobs

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