**THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING JOINT PLAN OF REORGANIZATION HAVE NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. THE DEBTORS WILL REQUEST A HEARING TO CONSIDER THE ADEQUACY OF THIS DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE. THE DEBTORS RESERVE THE RIGHT TO FURTHER MODIFY OR SUPPLEMENT THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING JOINT PLAN OF REORGANIZATION PRIOR TO AND UP TO THE DATE OF SUCH HEARING.**

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

| | | |
|---|---|---|
| **In re:** | § | **Chapter 11** |
| | § | |
| **Buccaneer Resources, LLC *et al.*,** [1] | § | **Case No. 14-60041 through** |
| | § | **14-60049** |
| **Debtors** | § | |
| | § | **Jointly Administered Under** |
| | § | **Case No. 14-60041** |

# DISCLOSURE STATEMENT ACCOMPANYING THE JOINT PLAN OF REORGANIZATION FOR THE DEBTORS AND DEBTORS-IN-POSSESSION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: June 27, 2014.

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ATTORNEYS FOR THE DEBTORS
AND DEBTORS-IN-POSSESSION

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: (i) Buccaneer Energy Limited (0107); (ii) Buccaneer Energy Holdings, Inc. (7170); (iii) Buccaneer Alaska Operations, LLC (7562); (iv) Buccaneer Resources, LLC (8320); (v) Buccaneer Alaska, LLC (4082); (vi) Kenai Land Ventures, LLC (2661); (vii) Buccaneer Alaska Drilling, LLC (7781); (viii) Buccaneer Royalties, LLC (5015); and (ix) Kenai Drilling, LLC (6370).

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**EXHIBITS TO DISCLOSURE STATEMENT**

# ARTICLE I
# INTRODUCTION

## A. General Information Concerning Disclosure Statement and Plan

Buccaneer Resources, LLC, Buccaneer Energy Limited, Buccaneer Energy Holdings, Inc., Buccaneer Alaska Operations, LLC, Buccaneer Alaska, LLC, Kenai Land Ventures, LLC, Buccaneer Alaska Drilling, LLC, Buccaneer Royalties, LLC, and Kenai Drilling, LLC (collectively, the "Debtors"), submit this Disclosure Statement, as may be amended from time to time, under § 1125 of the Bankruptcy Code and Rule 3016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") to all of the Debtors' known Creditors and Interest Holders entitled to vote on the Plan. The purpose of this Disclosure Statement is to provide adequate information to enable Creditors and Interest Holders who are entitled to vote on the Joint Chapter 11 Plan of Reorganization submitted by the Debtors (the "Plan") to arrive at a reasonably informed decision in exercising their respective right to vote on the Plan. A copy of the Plan is included with this Disclosure Statement. Capitalized terms used but not defined in this Disclosure Statement shall have the meanings assigned to them in the Plan or in the Bankruptcy Code and Bankruptcy Rules. All section references in this Disclosure Statement are to the Bankruptcy Code unless otherwise indicated.

The Debtors have proposed the Plan consistent with the provisions of the Bankruptcy Code. The purpose of the Plan is (i) to distribute the proceeds of the sale of the Debtors' assets sold prior to the Effective Date of the Plan; (ii) to facilitate the prosecution of the Debtors' causes of action and claims against third parties and the sale of all of the Debtors' remaining unsold assets and the distribution of the litigation and sales proceeds and other assets of the estates; and (iii) to maximize recovery to each Class of Claims and Equity Interests. The Debtors believe that the Plan provides for the maximum recovery available for all Classes of Claims and Equity Interests.

This Disclosure Statement is not intended to replace a careful review and analysis of the Plan, including the specific treatment of Claims and Equity Interests under the Plan. It is submitted as an aid and supplement to your review of the Plan and to explain the terms of the Plan. Every effort has been made to fairly summarize the Plan and to inform Creditors and Interest Holders how various aspects of the Plan affect their respective positions.

**The Debtors will file a Plan Supplement containing additional information relating to the Plan not later than five (5) business days prior to the Voting Deadline described below.** You may obtain a copy of the Plan Supplement through the Bankruptcy Court's PACER System at *www.txs.uscourts.gov* or at the website of the Debtors' Noticing and Solicitation Agent at *http://dm.epiq11.com/BUC/Project.*

## B. Disclaimers

**NO SOLICITATION OF VOTES HAS BEEN OR MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND § 1125 OF THE BANKRUPTCY CODE. NO PERSON HAS BEEN AUTHORIZED TO USE ANY INFORMATION CONCERNING THE DEBTORS TO SOLICIT ACCEPTANCES OR**

**REJECTIONS OF THE PLAN OTHER THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. CREDITORS AND INTEREST HOLDERS SHOULD NOT RELY ON ANY INFORMATION RELATING TO THE DEBTORS OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT, ANY ATTACHMENTS THERETO AND THE PLAN.**

**EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT, NO REPRESENTATION CONCERNING THE DEBTORS, THEIR ASSETS, THEIR LIABILITIES, PAST OR FUTURE OPERATIONS, OR CONCERNING THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE IMMEDIATELY REPORTED TO COUNSEL FOR THE DEBTORS OR COUNSEL FOR THE COMMITTEE.**

**THE DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS, EACH OF WHICH ARE INCORPORATED INTO AND MADE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN. UNLESS ANOTHER TIME IS SPECIFIED, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE CONCERNING THE DISCLOSURE STATEMENT AND THE PLAN SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE OF THE DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THE DISCLOSURE STATEMENT WERE COMPILED. HOLDERS OF CLAIMS AND INTERESTS MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO ACCEPT OR REJECT THE PLAN.**

**THE INFORMATION PROVIDED HEREIN WAS OBTAINED FROM A VARIETY OF SOURCES AND IS BELIEVED TO BE RELIABLE. HOWEVER, THE DEBTORS HAVE NOT BEEN ABLE TO INDEPENDENTLY VERIFY EACH AND EVERY STATEMENT CONTAINED HEREIN. ACCORDINGLY, THE DEBTORS AND THEIR PROFESSIONALS CANNOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. MOREOVER, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE SUMMARY OF THE PLAN AND OTHER DOCUMENTS DESCRIBED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE ACTUAL DOCUMENTS THEMSELVES AND THE EXHIBITS THERETO. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED,**

**AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.**

**THE DEBTORS' BUSINESS AFFAIRS ARE COMPLEX. IT IS POSSIBLE THAT THE TRANSACTIONS CONTEMPLATED UNDER THE PLAN COULD HAVE NEGATIVE TAX AND OTHER ECONOMIC CONSEQUENCES. THE DEBTORS MAKE NO REPRESENTATIONS REGARDING THE TAX IMPLICATIONS OF ANY TRANSACTION CONTEMPLATED UNDER THE PLAN. IT IS NOT UNCOMMON FOR PARTIES TO RETAIN THEIR OWN TAX ADVISORS TO ANALYZE THE PLAN. THE DEBTORS ENCOURAGE ALL PERSONS THAT MIGHT BE AFFECTED TO SEEK INDEPENDENT ADVICE REGARDING THE TAX EFFECTS OF THE PLAN.**

**DISTRIBUTION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS ANY REPRESENTATION OR WARRANTY AT ALL, EITHER EXPRESS OR IMPLIED, BY THE DEBTORS OR THEIR PROFESSIONALS THAT THE PLAN IS FREE FROM RISK, THAT THE ACCEPTANCE OF THE PLAN WILL RESULT IN A RISK-FREE REORGANIZATION AND/OR LIQUIDATION OF THE DEBTORS' ASSETS OR THAT ALL POTENTIAL ADVERSE EVENTS HAVE BEEN ANTICIPATED. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE.**

**THE CONDITIONAL APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTY OF THE ACCURACY OR THE COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.**

**THIS DISCLOSURE STATEMENT AND THE PLAN SHOULD BE READ IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THE TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN, WHICH CONTROLS IN CASE OF ANY INCONSISTENCY.**

*******

FOR A VOTE ON THE PLAN TO BE COUNTED, THE BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY THE DEBTORS' NOTICING AND SOLICITATION AGENT, EPIQ BANKRUPTCY SOLUTIONS, LLC, NO LATER THAN **5:00 P.M. EASTERN TIME, ON AUGUST _____, 2014**. SUCH BALLOTS SHOULD BE CAST IN ACCORDANCE WITH THE SOLICITATION NOTICE ACCOMPANYING THE DISCLOSURE STATEMENT AND

APPROVED BY THE BANKRUPTCY COURT. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE SHALL NOT BE COUNTED UNLESS OTHERWISE DETERMINED BY THE DEBTORS IN THEIR SOLE AND ABSOLUTE DISCRETION. **THE CONFIRMATION HEARING WILL COMMENCE ON AUGUST ____, 2014 AT _____ __.M. CENTRAL TIME**, BEFORE THE HONORABLE DAVID R. JONES, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, VICTORIA DIVISION, 515 RUSK, HOUSTON, TEXAS 77002. THE DEBTORS MAY CONTINUE THE CONFIRMATION HEARING FROM TIME TO TIME WITHOUT FURTHER NOTICE OTHER THAN AN ADJOURNMENT ANNOUNCED IN OPEN COURT OR A NOTICE OF ADJOURNMENT FILED WITH THE BANKRUPTCY COURT AND SERVED ON THE MASTER SERVICE LIST AND THE ENTITIES WHO HAVE FILED AN OBJECTION TO THE PLAN, WITHOUT FURTHER NOTICE TO PARTIES IN INTEREST. THE BANKRUPTCY COURT, IN ITS DISCRETION AND BEFORE THE CONFIRMATION HEARING, MAY PUT IN PLACE ADDITIONAL PROCEDURES GOVERNING THE CONFIRMATION HEARING. THE PLAN MAY BE MODIFIED, IF NECESSARY, PRIOR TO, DURING, OR AS A RESULT OF THE CONFIRMATION HEARING, WITHOUT FURTHER NOTICE TO PARTIES IN INTEREST.

**THE PLAN OBJECTION DEADLINE IS AUGUST _____, 2014, AT 5:00 P.M. CENTRAL TIME**. ANY OBJECTION TO CONFIRMATION OF THE PLAN MUST BE IN WRITING AND (A) MUST STATE THE NAME AND ADDRESS OF THE OBJECTING PARTY AND THE AMOUNT OF ITS CLAIM OR THE NATURE OF ITS EQUITY INTEREST AND (B) MUST STATE WITH PARTICULARITY THE NATURE OF ITS OBJECTION. ANY CONFIRMATION OBJECTION NOT TIMELY FILED AND SERVED AS SET FORTH HEREIN SHALL BE DEEMED WAIVED AND SHALL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

### C. Answers to Commonly Asked Questions.

As part of the Debtors' efforts to inform Creditors and Interest Holders regarding the Plan and the Plan confirmation process, the following summary provides answers to questions which parties who receive a disclosure statement often ask.

**THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PLAN, WHICH CONTROLS IN CASE OF ANY INCONSISTENCY.**

#### 1. Who are the Debtors?

The Debtors are: Buccaneer Resources, LLC; Buccaneer Energy Limited; Buccaneer Energy Holdings, Inc.; Buccaneer Alaska Operations, LLC; Buccaneer Alaska, LLC; Kenai Land Ventures, LLC; Buccaneer Alaska Drilling, LLC; Buccaneer Royalties, LLC; and Kenai Drilling, LLC.

The Debtors filed their respective voluntary petitions for relief under chapter 11 of the Bankruptcy Code on May 31, 2014 (the "Petition Date") in the United States Bankruptcy Court for the Southern District of Texas, Victoria Division.

### 2. What is a Chapter 11 bankruptcy?

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code that allows financially distressed businesses to reorganize their debts or to liquidate their assets in a controlled fashion. The commencement of a chapter 11 case creates an "estate" containing all of the legal and equitable interests of the debtor in property as of the date the bankruptcy case is filed. During a chapter 11 bankruptcy case, the debtor remains in possession of its assets unless the Court orders the appointment of a trustee. No trustee has been appointed in the Debtors' cases. The Plan is being jointly proposed by the Debtors. The Debtors have worked together to propose a joint plan of reorganization in an effort to minimize the overall administrative costs associated with these bankruptcy cases and maximize value to Creditors and Interest Holders.

### 3. If the Plan governs how my Claim or Interest is treated, what is the purpose of this Disclosure Statement?

The Bankruptcy Code requires that in order to solicit votes on a bankruptcy plan, the proponent of the plan must first prepare a disclosure statement that provides sufficient information to allow creditors and interest holders to make an informed decision about the plan. The disclosure statement and plan are distributed to creditors and interest holders only after the Bankruptcy Court has approved the disclosure statement and determined that the disclosure statement contains information adequate to allow creditors and interest holders to make an informed judgment about the plan. At that time, creditors and interest holders whose claims and interests are impaired under the Plan also receive a voting ballot.

### 4. Has this Disclosure Statement been approved by the Bankruptcy Court?

On July ___, 2014, the Bankruptcy Court conditionally approved this Disclosure Statement as containing adequate information. "Adequate information" means information of a kind, and in sufficient detail, as far as is practicable considering the nature and history of the Debtors and the condition of the Debtors' books and records, to enable a hypothetical investor typical of holders of claims or interests of the relevant classes to make an informed judgment whether to vote to accept or reject the Plan. The Bankruptcy Court will consider any objections to the adequacy of the information in this Disclosure Statement at the Confirmation Hearing described below and in the Plan. The Bankruptcy Court's conditional approval of this Disclosure Statement does not constitute an endorsement of any of the representations contained in either the Disclosure Statement or the Plan.

### 5. How do I determine how my Claim or Interest is classified?

To determine the classification of your Claim or Interest, you must determine the nature of your Claim or Interest. Under the Plan, Claims and Interests are classified into a series of classes. The pertinent articles and sections of the Disclosure Statement and Plan disclose, among other things, the treatment that each class of Claims or Interests will receive if the Plan is confirmed.

### 6. Why is confirmation of the Plan important?

The Bankruptcy Court's confirmation of the Plan is a condition to the Debtors carrying out the treatment of Creditors and Interest Holders under the Plan. Unless the Plan is confirmed, and any other conditions to confirmation or to the effectiveness of the Plan are satisfied, all parties are legally prohibited from satisfying Claims or Interests as provided in the Plan. Put more simply, confirmation of a plan in chapter 11 is required before the Debtors can begin making payments to pre-petition Creditors.

### 7. What is necessary to confirm the Plan?

Under applicable provisions of the Bankruptcy Code, confirmation of the Plan requires that, among other things, at least one class of impaired Claims or Interests vote to accept the Plan. Acceptance by a class of claims or interests means that at least two-thirds in the total dollar amount and more than one-half in number of the allowed Claims or Interests actually voting in the class vote in favor of the Plan. Because only those claims or interests who vote on a plan will be counted for purposes of determining acceptance or rejection of a plan by an impaired class, a plan can be approved with the affirmative vote of members of an impaired class who own less than two-thirds in amount and one-half in number of the claims/interests. Besides acceptance of the Plan by each class of impaired creditors or interests, a bankruptcy court also must find that the Plan meets a number of statutory tests before it may confirm the Plan. These requirements and statutory tests generally are designed to protect the interests of holders of impaired claims or interests who do not vote to accept the Plan but who will nonetheless be bound by the Plan's provisions if the bankruptcy court confirms the Plan.

Even if all classes of claims and interests accept a plan of reorganization, a 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 to be distributed to impaired and dissenting creditors and interest holders under a plan may not be less than those parties would receive if the debtor were liquidated under a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. A plan must also be determined to be "feasible," which generally requires a finding that there is a reasonable probability that the debtor will be able to perform the obligations incurred under the plan and that the debtor will be able to continue operations without the need for further financial reorganization.

In addition to the statutory requirements imposed by the Bankruptcy Code, the plan itself also provides for certain conditions that must be satisfied as conditions to confirmation.

If one or more classes vote to reject the Plan, the Debtors may still request that the bankruptcy court confirm the Plan under § 1129(b) of the Bankruptcy Code. To confirm a plan not accepted by all classes, the plan proponent must demonstrate that the plan does not discriminate unfairly, and is fair and equitable with respect to each class of claims or interests that is impaired under, and that has not accepted, the plan. This method of confirming a plan is commonly called a "cramdown."

**8. Is there a Committee in this case?**

Yes. On June 10, 2014, the Office of the United States Trustee appointed an official committee of unsecured creditors in this case. The Official Committee of Unsecured Creditors represents the interests of all unsecured creditors in these Chapter 11 Cases.

**9. When is the deadline for returning my ballot?**

The Bankruptcy Court has directed that, to be counted for voting purposes, your ballot must be received by the Debtors' Balloting Agent, Epiq Bankruptcy Solutions, LLC by **August _____, 2014.**

**IT IS IMPORTANT THAT ALL IMPAIRED CREDITORS AND INTEREST HOLDERS VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERY TO CREDITORS AND INTEREST HOLDERS. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF CREDITORS AND INTEREST HOLDERS AND RECOMMENDS THAT ALL IMPAIRED CREDITORS VOTE TO ACCEPT THE PLAN.**

**D. Recommendation of the Debtors to Approve the Plan**

The Debtors approved the solicitation of acceptances of the Plan and all of the transactions contemplated thereunder. In light of the benefits to be attained by the holders of Claims and Interests contemplated under the Plan, the Debtors recommend that such holders of Claims and Interests vote to accept the Plan. The Debtors have reached this decision after considering the alternatives to the Plan that are available to the Debtors. These alternatives include liquidation under chapter 7 of the Bankruptcy Code or reorganization under chapter 11 of the Bankruptcy Code with an alternative plan of reorganization. The Debtors determined, after consulting with their financial and legal advisors, that the transactions contemplated in the Plan would likely result in a distribution of greater value to creditors than would a liquidation of the nine Debtors under chapter 7.

**E. Rules of Interpretation**

The following rules for interpretation and construction shall apply to the Disclosure Statement: (1) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) unless otherwise specified, any reference in the Disclosure Statement to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (3) unless otherwise specified, any reference in the Disclosure Statement to an existing document, schedule, or exhibit, whether or not filed, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (4) any reference to a person or entity as a holder of a Claim or Interest includes that person or entity's successors and assigns; (5) unless otherwise specified, all references in the Disclosure Statement to Articles are references to Articles of the Disclosure Statement; (6)

unless otherwise specified, all references in the Disclosure Statement to exhibits are references to exhibits to the Disclosure Statement; (7) the words "herein," "hereof," and "hereto" refer to the Disclosure Statement in its entirety rather than to a particular portion of the Disclosure Statement; (8) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Disclosure Statement; (9) unless otherwise set forth in the Disclosure Statement, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (10) any term used in capitalized form in the Disclosure Statement that is not otherwise defined in the Disclosure Statement, Plan, or exhibits to the Disclosure Statement Order, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (11) all references to docket numbers of documents filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (l2) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, unless otherwise stated; (13) in computing any period of time prescribed or allowed, the provisions of Bankruptcy Rule 9006(a) shall apply, and if the date on which a transaction may occur pursuant to the Disclosure Statement shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day; and (14) unless otherwise specified, all references in the Disclosure Statement to monetary figures shall refer to currency of the United States of America.

## ARTICLE II
## OVERVIEW OF THE PLAN

An overview of the Plan is set forth below. This overview is qualified in its entirety by reference to the Plan. If the Court confirms the Plan and, in the absence of any applicable stay, all other conditions set forth in the Plan are satisfied, the Plan will take effect on the Effective Date.

The Debtors' assets are being marketed for sale with the assistance of a sales agent based on prior authorization from the Bankruptcy Court. The Debtors anticipate that the majority of their oil and gas properties and interests will be sold at an auction to be held several days prior to the hearing on the Plan. The Plan will not become effective until after the closing of this sale. After the payment of entities with liens on the assets, any net proceeds from the sale will be included in the Debtors' bankruptcy estates and treated according to the Plan.

Plan proposes the orderly liquidation of the Debtors' assets. All of the assets of the Debtors including the net proceeds from the sale described above, any remaining unsold assets, rights to receivables and refunds, and the Debtors' Causes of Action against third parties will be transferred to a Liquidating Trust. The Liquidating Trustee will collect and liquidate the assets and prosecute the Causes of Action for the benefit of creditors and make distributions to the beneficiaries of the Liquidating Trust.

Holders of Allowed Claims against the Debtors will be the beneficiaries of the Liquidating Trust. The Plan empowers the Liquidating Trustee to administer the Claims against the Debtors by allowing or filing objections to Claims in the Bankruptcy Court. The Plan proposes the creation of a Post-Confirmation Committee to monitor the administration of the

Liquidating Trust. The expenses of collection, prosecution and administration will be paid from the trust assets.

The Plan is premised on the substantive consolidation of the Debtors' estates for which the Debtors have sought authority from the Bankruptcy Court by separate motion. Substantive consolidation occurs when the assets and liabilities of separate and distinct legal entities are combined in a single pool and treated as if they belong to one entity. Substantive consolidation results in pooling the assets of, and claims against, the Debtors; satisfying liabilities from the resultant common fund; eliminating inter-Debtor claims; and combining the creditors of the companies for purposes of voting on reorganization plans.

## ARTICLE III
## GENERAL INFORMATION REGARDING THE DEBTORS

### A. Overview of the Debtors' Business

The Debtors are nine affiliated companies involved in the exploration for and production of oil and natural gas in North America. Current operations are principally focused on both onshore and offshore opportunities in the Cook Inlet of Alaska as well as the development of offshore projects in the Gulf of Mexico and onshore oil opportunities in Texas and Louisiana.

The ultimate parent company of the Debtors, Buccaneer Energy Limited ("BCC"), is a publicly traded independent oil and gas company founded in 2006 and listed on the Australian Securities Exchange (the "ASX") under the symbol "BCC".[2] Although BCC is an Australian listed entity, the company operates exclusively through its eight U.S. subsidiaries, each of which are headquartered in the U.S. and collectively maintain office, warehouse and a corporate apartment lease properties located in Houston, Texas, and Kenai, Anchorage, and Soldotna, Alaska.

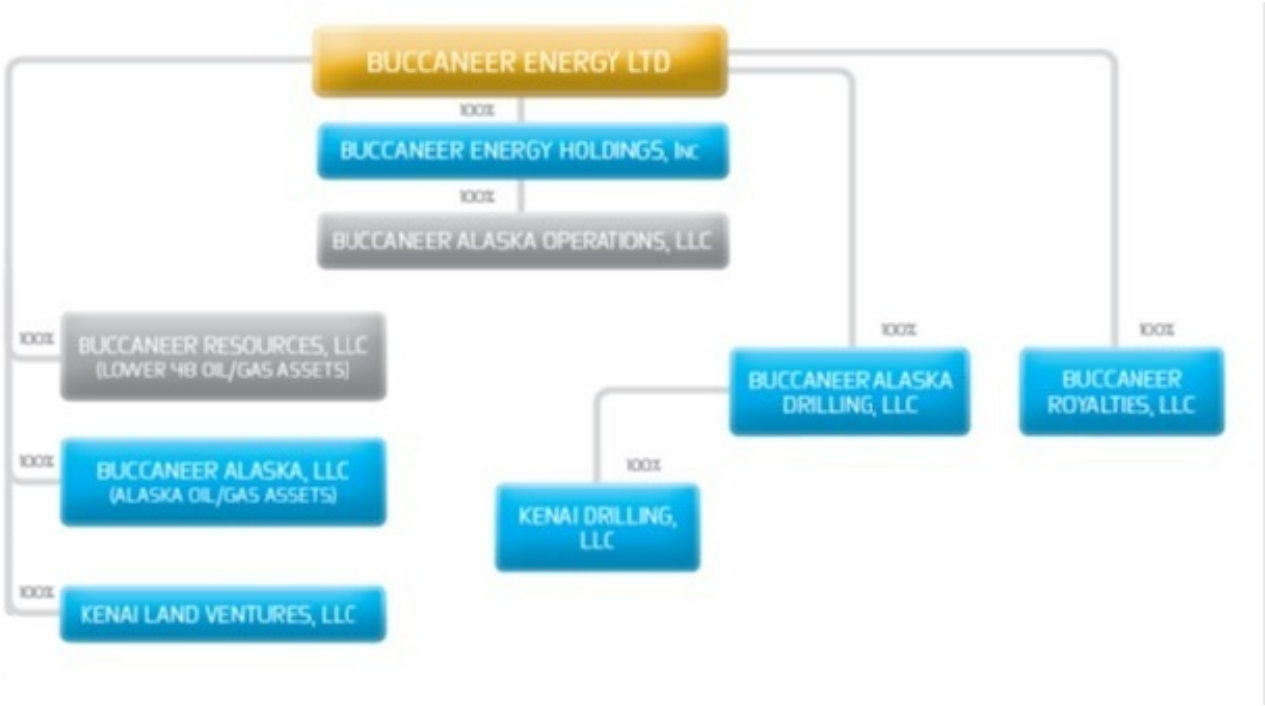
The Debtors have pursued a business strategy of attempting to identify undervalued assets that can be quickly monetized through the use of leading edge, proven technologies. For example, in 2008 when natural gas prices reached over $10 per MCF in the U.S., the Debtors, through Houston-based Buccaneer Resources, LLC ("BUC"), accumulated several offshore opportunities in the shallow Gulf of Mexico stretching between Texas and Louisiana. BUC increased its reserves by over 180% in a matter of months. At the same time, BUC also acquired acreage in the coveted Eagle Ford Shale under the Austin Chalk in Lee County, Texas, one of the oldest producing regions in the U.S. As the price of natural gas fell in the lower 48 states of the U.S., the Debtors repositioned themselves to take advantage of opportunities in Alaska.

A more detailed description of the Debtors' corporate structure and business is discussed below.

[2] An initial public offering ("IPO") was successfully completed and BCC was listed on the ASX on November 19, 2007. On February 19, 2014, BCC requested and was granted a voluntary suspension of all trading of its securities. Pursuant to that request, trading continues to be suspended.

**B. Description of the Debtors' Corporate Structure.**

The Debtors' corporate structure is as follows:




As noted above, BCC is a publically listed Australian holding company that operates in the U.S. entirely through its wholly-owned subsidiaries—primarily BUC and Buccaneer Alaska, LLC ("BAK"). While BCC has an office in Australia, it has no employees; rather, BCC's operations are limited to (a) ensuring compliance with the ASX and related reporting requirements; and (b) other administrative functions. These limited functions are performed through an independent contractor, Bruce Burrell.

BUC, also formed in 2006, is a Texas limited liability company based in Houston, Texas. BUC operates as an upstream oil and gas company specializing in the development and expansion of behind-pipe proved and probable reserves, and low-risk exploration plays with growth potential. BUC owns all of the Debtors' interests in oil and gas leaseholds in Texas which—with one exception—are currently non-producing. Immediately prior to the Petition Date, BUC employed 33 salaried and hourly employees. Ten of those employees were terminated as part of a reduction in BUC's work force effective May 31, 2014 in anticipation of these bankruptcy proceedings, and three additional employees were terminated effective June 2, 2014. All of the Debtors' personnel are employees of BUC; thus, all of the Debtors' managers are located in the U.S. and all of the Debtors' day-to-day operations are conducted within the U.S.

BAK is a Texas limited liability company also based in Houston, Texas. BAK owns all of the Debtors' interests in oil and gas leaseholds in Alaska, including oil and gas wells in the Alaskan Cook Inlet.

Buccaneer Alaska Operations, LLC ("BAO"), formed in 2010, is an Alaska limited liability company that operates on behalf of BAK.

Buccaneer Energy Holdings, Inc. ("BEH") is a Delaware company formed in November 2012 to hold certain permits for BAO. Specifically, in order to commence drilling in Alaska, various permits were required to be held in the name of the parent company who, at the time, was BCC. Because the State of Alaska required that such permits be held by a U.S. corporation, BEH was established.

Kenai Drilling, LLC ("Kenai Drilling") is an Alaska limited liability company established in 2012 to manage drilling operations for Buccaneer in the Cook Inlet. Kenai Drilling is also the charterer of an offshore jack-up drilling rig named the Endeavour—Spirit of Independence (the "Endeavour") pursuant to a certain bareboat charter agreement.

Buccaneer Alaska Drilling, LLC ("BAD"), formed in 2010, is an Alaska limited liability company and is the sole member of Kenai Drilling.

Buccaneer Royalties, LLC ("Buccaneer Royalties") is a Texas limited liability company formed in October 2011 that owns certain overriding royalty interests ("ORRIs")[3] created by BAK and BUC against certain of the Buccaneer leaseholds. Buccaneer Royalties was formed for the express purpose to hold these contingent ORRIs to secure the repayment of certain obligations owed to the Alaska Industrial Development and Export Authority ("AIDEA") pursuant to a certain LLC Agreement relating to Kenai Offshore Ventures, LLC ("KOV"), an entity originally organized by BAD. The Debtors' relationship with KOV and AIDEA is discussed more fully below.

Kenai Land Ventures, LLC ("Kenai Land") f/k/a Buccaneer Offshore Operations, LLC is an Alaska limited liability company formed in 2011 to acquire rights in a certain onshore drilling rig named the Glacier Drilling Rig # 1 (the "Glacier Rig").

The current members of the Board of Directors of BCC are: Dr. Alan Stein, Gavin Wilson, and Patrick O'Connor.

The current senior management group serving on behalf of all Debtors includes: John T. Young, Jr. as Chief Restructuring Officer (with all the authority and duties of the vacant Chief Executive Officer position), Ron Huff as Chief Financial Officer and Andy Rike as President and Chief Operating Officer for Buccaneer Alaska Operations, LLC and Executive Vice President Operations for Buccaneer Resources, LLC.

With the exception of certain amounts related to accrued, earned and unused vacation and 401(k) employer matching contributions, both of which are subject to the $12,475 priority cap per employee in accordance with section 507(a)(4) of the Bankruptcy Code all current wages and benefits owed to the Debtors' executives have been paid current since the Petition Date.

[3] An "overriding royalty interest" means fractional, undivided interests or rights of participation in the oil or gas, or in the proceeds from the sale of the oil or gas, produced from a specified tract or tracts, which are limited in duration to the terms of an existing lease and which are not subject to any portion of the expense of development, operation or maintenance.

### C. Description of the Debtors' Business

#### 1. The Debtors' Acquisition of Leasehold Interests and Related Operations in the Gulf Coast.

When BCC was formed in 2006, BCC's strategy was to concentrate on acquiring small prospects in the Gulf of Mexico and onshore coastal areas which, because of their size, were not appealing to major oil companies but presented potential economic opportunity favorable to smaller, more aggressive firms like BCC. Of the two onshore working interests BUC acquired in Texas, the "Alexander unit" in Lee County, Texas is currently the only remaining active unit. However, even this unit well is not currently producing in paying quantities. Development options are being assessed through either farm-out or a sale of BUC's working interest.

BUC's offshore prospect, a 65% working interest in the Pompano field which is located approximately seven miles offshore in the Gulf of Mexico and approximately 28 miles east of Port O'Connor, Texas, was acquired in 2008. While the project has existing production facilities in place, all wells in this field are currently shut in,[4] and all of BUC's leases in the Pompano field have since expired. All that remains of the expired leases is surface access that would be required in the event the project is not developed further and the wells are plugged and abandoned and production facilities are removed.

#### 2. The Debtors' Expansion into Alaska.

In 2008, when the meltdown in financial markets significantly and negatively impacted the Debtors and their ability to raise funds to develop its Gulf Coast assets, the Debtors turned their focus to Alaska—specifically, the Cook Inlet basin, the second largest production area for oil and gas in the State of Alaska. In addition to its production potential, Debtors sought to take advantage of Alaska's Clear and Equitable Share ("ACES") program which is designed specifically to develop and promote drilling activity in many of Alaska's undeveloped or underdeveloped locations, such as the Cook Inlet. The program provides companies with generous incentives to develop existing resources in the area by offering a cash rebate of up to 65% of all monies spent on exploration, drilling, and building production facilities, and up to 45% of facilities related capital expenditures, such as on platforms, flow-lines and pipelines. Importantly, these incentives apply irrespective of the success of any well or development program.[5]

The Debtors, through BAK, began their Alaskan program in March 2010, when BAK acquired 70,000 acres and onshore and offshore leases in the Cook Inlet. With this acquisition, BAK became the 6th largest lease holder in the Cook Inlet and began an aggressive exploration and development program with both onshore and offshore components, beginning with the

[4] BUC spudded its first well in the Pompano field on January 12, 2008, and its second well on February 24, 2008.

[5] After applying for ACES credits, it typically takes up to 120 days for the State of Alaska to issue the credit, and then another 30 days to convert the credit into cash. To date, the Debtors have recovered a total of $30.5 million in ACES rebates since commencing operations in Alaska, and the Debtors expect to receive an additional $22.4 million in 2014.

acquisition of 9,308 acres at the Kenai Loop Project[6] through leasing agreements with the Alaska Mental Health Land Trust ("MHLT"), the State of Alaska, and the Cook Inlet Region Inc. ("CIRI").

Upon acquiring an interest in the Kenai Loop Project, BAK, through use of the Glacier Rig, drilled the Kenai Loop No. 1-1 discovery well in April 2011, and began first commercial production in January 2012. BAK subsequently drilled three additional wells in the Kenai Loop field, one producing well, one dry hole, and one well that was completed and tested but shut-in pending the resolution of a lease dispute. In May 2012, through a rig charter agreement executed by Kenai Land, the Debtors secured exclusive leasing rights for the Glacier Rig for a period of three (3) years through May 2015.

As part of the Debtors' plan to execute on their offshore program, the Debtors sought to acquire a jack-up rig. On November 3, 2010, BAD organized KOV to acquire and own the "Endeavour"—an offshore jack-up rig capable of drilling in all areas of the Cook Inlet. To obtain the necessary capital to acquire the Endeavour, Singapore based Ezion Holdings Limited ("Ezion")[7] was added as a member to KOV on April 14, 2011, and AIDEA[8] was added as a preferred member on November 8, 2011. Pursuant to the joint venture, KOV would own the Endeavour while Kenai Drilling, a wholly owned subsidiary of BCC, would serve as operator and maintain control of the Endeavour through a Bareboat Charter Agreement (the "Charter") entered on November 3, 2011,[9] with an initial term of 5 years, during which time Kenai Drilling was required to pay KOV monthly pursuant to a specified day rate of approximately $70,000 for exclusive access of the rig.

Upon acquiring the Endeavour in November 2011, and because the Endeavour had been idle for several years, BAD and its venture partners, AIDEA and Ezion, deemed it necessary to complete extensive upgrades and repairs to ensure that the rig was ready for safe, long-term operations in Alaska. The rig was dry docked at a shipyard in Singapore for six (6) months undergoing repairs and upgrades. Those repairs and upgrades continued at the Homer Deep Water Dock in Homer, Alaska when the rig arrived in the Cook Inlet in August of 2012. Upon

[6] The Kenai Loop is an onshore gas field near Kenai, Alaska located in the Cook Inlet.

[7] Ezion is a Singapore-based company that owns and operates a large fleet of support and drilling vessels for the oil and gas business. Ezion currently has operations in Australia and the North Sea; this was Ezion's first investment in Alaska. Overseas Chinese Banking Corporation, Ltd., a Singapore-based bank that has a long-term relationship with Ezion, provided a long-term, low interest loan for the rig purchase and refurbishment.

[8] AIDEA is a public corporation of the State of Alaska. AIDEA invested $23.6 million in the LLC for the purchase of the rig, which amounts were to be paid back through six annual payments made by Kenai Drilling for use of the rig. Additionally, as the preferred member in the LLC, over the five years of ownership payments, AIDEA was entitled to collect dividend payments and received a 3.5% ORRI in the Debtors' Texas and Alaskan properties, including the onshore Kenai peninsula leases.

[9] On March 28, 2013, Kenai Drilling entered into a Crew & Management Services Agreement (the "Spartan Agreement") with Spartan Offshore Drilling, LLC ("Spartan") to manage, on its behalf, the operation and maintenance of the Endeavour. A further discussion of the Spartan Agreement is found below.

the Endeavour's arrival in Homer in August 2012, KOV worked with local contractors through the Endeavour's project manager, Archer Drilling, LLC ("Archer").[10]

The Endeavour drilled one producing well in the "Cosmopolitan project," one dry hole, and had to suspend drilling operations on a third well after the tidal action in the Inlet began to erode the sea bed around the jack-up legs.

#### 3. The Debtors' Portfolio Review and Recapitalization Process.

Beginning in mid-2013 and continuing in 2014, the Board and management team of the Debtors undertook multiple initiatives to reduce debt and improve the Debtors' balance sheet. As part of its recapitalization initiative, the Debtors refinanced their existing debt facilities with Victory Park Capital ("Victory Park") in January 2014, with the assignment of the $100 million Victory Park Facility (defined below) to Meridian Capital CIS Fund, an affiliate of Meridian Capital International Fund (collectively, "Meridian"), on amended terms. The Victory Park Facility and Meridian Facility (as well as the recent assignment of the Meridian Facility to AIX Energy LLC ("AIX")), are discussed in more detail below.

In addition to this refinancing, the Debtors embarked on a series of asset sales designed to generate additional working capital. On January 24, 2014, the Debtors sold their interest in the Cosmopolitan project for a total consideration of $40.6 million.

Further, due to the various issues associated with the mobilization of the Endeavour rig and related issues tied to the Archer litigation described below, the Endeavour had not been fully utilized, and day rate charges had continued to accrue while the Rig remained idle at Port Graham in the Kenai Peninsula. On December 31, 2013, pursuant to a Membership Interest Purchase Agreement, BAD sold its membership interest in KOV to Teras Investments Pte Ltd.—a company organized under the laws of Singapore and a wholly owned subsidiary of Ezion—for $23,950,000. Proceeds from the sale were used to repay certain related unsecured loans of $11.2 million and to pay unpaid bareboat charter fees for the period of October 2013 to December 2013. No net cash proceeds flowed to the Debtors from this transaction.

The Meridian assumption of the Victory Park Facility (and subsequent assignment to and assumption by AIX), the sale of the Debtors' interest in the Cosmopolitan project, and the sale of BAD's 50% equity interest in KOV resulted in approximately $120 million in cash, debt repayments and debt reduction, including repayment of approximately $22.1 million to KOV, repayment of $10.8 million of the Meridian debt, and settlement of approximately $20.0 million of accounts payable.

### D. The Debtors' Capital Structure

#### 1. The AIX Facility.

On January 25, 2013, the Debtors entered into a credit facility totaling $100 million with Chicago-based Victory Park. The credit facilities were broken into a Delayed Draw Senior

[10] As discussed below, KOV and several of the Debtors are currently in litigation with Archer in connection with work performed in connection with the Endeavour.

Secured Term Note (the "Term Note") with a maximum issue amount of $75 million, and a Senior Secured Revolver (the "Revolver," and collectively, the "Victory Park Facility") with a maximum limit of $25 million. The amount that could be drawn by the Debtors (the "Borrowing Base") under the Term Note was predominately determined by the value of the Proved Developed Producing ("PDP") reserves of the Debtors' 100%-owned Kenai Loop project. The Debtors initially drew on the Facility to refinance its previous lender and to pay fees and expenses associated with that transaction. The Victory Park Facility was to expire on June 30, 2016, and was secured by the Debtors' U.S. assets.

In early 2014, as part of the Debtors' recapitalization process discussed above, the Debtors executed an Amended and Restated Financing Agreement with Meridian, dated as of January 24, 2014, under which Meridian took assignment of the Victory Park Facility on amended terms (the "Meridian Facility"). The Meridian Facility was on similar commercial terms to the prior Victory Park Facility and encompassed, *inter alia*, (a) the existing Term Note that was held by Victory Park, drawn to $43.5 million; (b) the existing Revolver that was held by Victory Park drawn to $6.3 million; and (c) funds provided to the Debtors to pay $3.8 million for costs and expenses associated with the assignment from Victory Park. Thus, the total principal amount initially owed under the Meridian Facility was $56.6 million, with no further amounts available for draw down.

On April 30, 2014, AIX, a recently formed Delaware limited liability company affiliated with The Woodlands-based Branta II, LLC, took assignment of the Meridian Facility (the "AIX Facility"). As was the case under the Meridian Facility, each of BAO, BUC, BAK, Kenai Land, BAD and Kenai Drilling are Borrowers under the AIX Facility, which continues to be guaranteed by BEH and BCC. As of the Petition Date, the aggregate unpaid principal balance of the AIX Facility, including all accrued, unpaid interest, fees, expenses and other amounts owing under the financing agreement and credit documents, was $58,226,264.71. The AIX Facility matures on June 30, 2014.

**2. Outstanding Letters of Credit.**

In addition to the AIX Facility, there is a $1.495 million letter of credit with Macquarie Bank Limited to satisfy the Debtors' share of certain bonding obligations for the Debtors' Pompano production facilities. The letter of credit is for the benefit of the prior owner, PetroQuest, and only satisfies the plugging and abandonment obligations if the parties to the Joint Operating Agreement are unable to fund the plugging and abandonment obligations themselves. The letter of credit is secured by cash deposits held by Macquarie Bank Limited in the amount of $1.5 million.

On the Petition Date there was another $2.472 million letter of credit issued by Wells Fargo Bank, N.A. to back Kenai Drilling's obligations to Spartan under the Spartan Agreement. The letter of credit is secured by cash deposits held by Wells Fargo Bank, N.A.. Kenai Drilling received Notices of Late Payment from Spartan, alleging that $941,249.94 was past due and owing to Spartan under the Spartan Agreement. As of the Petition Date, Spartan had drawn over

$822,000 on the letter of credit.[11] On June 23, 2014, Spartan drew another $571,295.55 on the letter of credit.

### E. Events Leading to the Filing of these Chapter 11 Cases

#### 1. Poor Results from Operations and Debtors' Mounting Charter Obligations and Related Liabilities.

As described above, the Debtors operations in Texas and Louisiana resulted in the expenditure of considerable capital with no resulting production of oil or gas in paying quantities.

The Debtors spent over $100 million to develop their Alaskan program of offshore and onshore projects and have significant oil and gas reserves.[12] However, only two wells were producing, the proceeds were subject to an escrow order, and the Debtors ran out of available working capital in the short term to repay the AIX Facility due in June 2014, and to meet their contractual obligations.

Due to various issues associated with the mobilization of the Endeavour rig and related issues tied to the Archer matters discussed below, the offshore Endeavour rig was not being fully utilized, and day rate charges continued to accrue at over $70,000 per day (payable monthly) while the rig remained docked. On May 8, 2014, Kenai Drilling received notice from KOV of its payment default, demanding that $6,520,289.05 be paid immediately. Kenai Drilling was unable to pay this amount, and was unable to pay the day rate charges on a go-forward basis without ongoing drilling operations to utilize the rig. The total amount due under the Charter for the duration of the contract term exceeds $90 million (excluding over $6 million past due and owing and the $12 million due October 1, 2014). This obligation represents the single largest liability of Kenai Drilling and all of the Debtor entities given that these obligations have been guaranteed by both BCC and BAD under a Guaranty, dated November 3, 2011.

The inability of Kenai Drilling to place the Endeavour rig into operation led to additional defaults and accruing obligations. As discussed under the letter of credit section above, in the weeks leading up to the commencement of these bankruptcy cases, Kenai Drilling received multiple Notices of Late Payment from Spartan, alleging that $941,249.94 was past due and owing to Spartan under the Spartan Agreement.

In addition, the charter and crew costs for the onshore Glacier rig totaled approximately $250,000 per month.

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[11] The Spartan Agreement contains a requirement that if funds are drawn by Spartan on the letter of credit, Kenai Drilling must replenish the funds drawn within five (5) business days. Kenai Drilling has not replenished that letter of credit.

[12] Proven and Probable Reserves (2P) of 32.2 MMBOE, Contingent Resources (2C) of 18.7 MMBOE and Prospective Resources (P50) of 6.3 MMBOE as of January 31, 2014. The Debtors' reserves have been independently verified by Ralph E. Davis Associates, Inc., an independent third party consulting firm.

### 2. The Debtors' Involvement in Significant and Ongoing Litigation.

#### (a) The Archer Litigation.

In October 2011, KOV entered into an agreement with Archer under which Archer was to provide project management services for modifications and repairs to the Endeavour rig. Under this agreement, Archer had sole responsibility to manage the modifications and repairs on the Endeavour both in Singapore and on arrival of the Endeavour in Alaska. KOV found that Archer's work was not satisfactory, would have to be recompleted (sometimes by third parties after Archer's attempts to cure failed), and took far longer than Archer originally projected. Moreover, Archer submitted invoices substantially in excess of its budget. All work under the project management supervision of Archer ceased in December 2012, and KOV is currently withholding payments to Archer for billings which it has disputed with Archer.

In December 2012, Archer filed a lawsuit in Harris County, Texas against several Debtor entities and KOV for approximately $6 million in unpaid invoices. Archer has also filed discovery responses claiming additional damages. The Debtors and KOV filed general denials, denying liability. The Debtor entities have also lodged a counterclaim against Archer for damages, including for loss of income, of $30.0 million. The case is set for trial in October 2014.

#### (b) The CIRI Litigation.

As described above, the Debtors obtained interests in the Kenai Loop field through leasing agreements with the MHLT, the State of Alaska, and CIRI. The Debtors have drilled four wells on the MHLT lease and placed two of these wells onto commercial production. All of the Debtors' activities have been properly permitted and approved by the appropriate regulatory agencies.

Notwithstanding such permitting and approval, CIRI has alleged that its lease with the Debtors terminated in January 2013 based on an assertion that the Debtors failed to meet various lease commitments. CIRI asserts that the Kenai Loop No. 1-4 targeted natural gas resources on CIRI land, and thus CIRI filed an opposition with the Alaska Oil and Gas Conservation Commission ("AOGCC") and obtained a hearing on a spacing exception to protect its property rights. CIRI appealed the AOGCC's order in an administrative appeal that is pending before the Alaska Superior Court.

In October 2013, CIRI filed (i) a lawsuit in Alaska Superior Court against the Debtors to recover alleged losses from uncompensated gas production purportedly attributable from its land; and (ii) an administrative action with the AOGCC asking for the establishment of an escrow account funded out of Kenai Loop production to protect all of the landowners—MHLT, the State of Alaska and CIRI—until the precise geological allocation of gas attributable to each of the landowners could be sorted out.

On May 22, 2014 the AOGCC issued a decision (a conservation order), ordering, in part, that the Debtors escrow 100% of their production revenue from the Kenai Loop wells beginning June 10, 2014 until such time that an allocation of gas attributable to each of the adjacent landowners is made or upon further order by the AOGCC (a process that could take months).

The May 22nd AOGCC ruling had a significant and profound negative impact on the Debtors' operations, their cash flow, and, therefore, their ability to survive as a going concern.

**(c) The Chrystal Statutory Demand.**

In November of 2012, BCC engaged Chrystal Capital Partners LLP ("Chrystal"), a corporate finance firm based in London, to serve as its financial advisor to examine a variety of strategic options, including potential refinancing(s), fundraising(s), acquisitions and/or asset disposals. Under the engagement, Chrystal was to be paid an advisory fee of GBP £10,000 per month and would be entitled to various success fees upon completion of successive closings of various fund raisings.

On March 18, 2014, Chrystal filed in the Supreme Court of New South Wales a Creditor's Statutory Demand for Payment of Debt, a demand for payment of a debt in a prescribed form made under section 459E of the Australia Corporations Act 2001, asserting that BCC is indebted to Chrystal in the sum of $2,660,000 arising out of the Chrystal Engagement for unpaid fees based on its introduction of several potential prospects to BCC. In April of 2014, BCC filed an application seeking to set aside the demand asserting that Chrystal is not entitled to any success fee, which was solely dependent upon the completion of a successful funding.. The matter remains pending.

**(d) The Suspension and Termination of BCC's Chief Executive Officer and Resulting Litigation.**

Mr. Curtis Burton served as the Managing Director and Chief Executive Officer of BCC since its founding in 2006. Mr. Burton had also been a member of BCC's Board of Directors since 2006. On March 4, 2014, BCC temporarily suspended Mr. Burton from his role as Chief Executive Officer with pay while BCC investigated the state of the business, as well as other serious concerns regarding Mr. Burton's leadership of BCC during his tenure.

On March 6, 2014, the Board engaged the financial advisory firm of Conway MacKenzie Management Services, LLC ("Conway MacKenzie") to assist in their financial management and restructuring and appointed John T. Young, Jr. of Conway MacKenzie as Chief Restructuring Officer for BCC and its various subsidiaries to work with, and report to, the Board on the Debtors' ongoing operations and their options relating to a financial restructuring.

On March 6, 2014, and while BCC was only in the initial stages of its internal investigation, Mr. Burton filed a lawsuit in Harris County District Court alleging that BCC wrongfully terminated him without cause from his employment in violation of his employment agreement and seeking damages against BCC for approximately $2.4 million. BCC answered Mr. Burton's suit with a general denial and filed a Motion to Compel Arbitration, which was granted. Mr. Burton dismissed the state court action against BCC and initiated an arbitration proceeding with the American Arbitration Association.

On May 7, 2014, Mr. Burton sent a letter to BCC's shareholders purportedly announcing his resignation from BCC's Board of Directors. The Board subsequently accepted Mr. Burton's resignation from the Board from BCC and from all other companies within the Debtors' corporate structure effective May 12, 2014. Notwithstanding Mr. Burton's resignation from the

Board, the Board of Directors convened a Special Purposes Meeting on May 12, 2014 to consider whether cause existed to terminate Mr. Burton's employment contract as Chief Executive Officer of BCC. Upon the conclusion of the meeting, the Board (excluding Mr. Burton), unanimously concluded that cause existed, and thus Mr. Burton's employment contract was terminated effective May 12, 2014. The day after the Petition Date, Mr. Burton filed a notice of withdrawal of the arbitration proceeding.

### F. Significant Events during the Chapter 11 Cases

#### 1. First-Day Pleadings.

On the Petition Date, the Debtors filed motions seeking to obtain authority to take certain actions to promote an "ongoing business" atmosphere with employees. Notably, the Debtors obtained authority to pay prepetition employee wages and benefits and other employee obligations in the ordinary course of the Debtors' businesses. [Dkt. No. 39]. As a result, all the claims related to employee compensation and benefits entitled to priority under §§ 507(a)(4), (5) and (8) of the Bankruptcy Code were satisfied. This relief was essential to maintain employee morale and to avoid attrition of the Debtors' workforce due to the commencement of the Bankruptcy Cases.

On June 2, 2014, the Bankruptcy Court entered an order granting motion for joint administration of the chapter 11 cases of the Debtors [Dkt. No. 14] and also designated these cases as "complex" chapter 11 cases under the Bankruptcy Local Rules [Dkt. No. 38].

The Debtors have also obtained orders authorizing them to, among other things: (i) continue the use of their existing bank accounts and cash management system [Dkt. No. 118]; and (ii) establish procedures for determining adequate assurance requests from utility companies [Dkt. No. 81].

#### 2. Use of Cash Collateral and DIP Financing.

On June 4, 2014, the Court entered an Interim Order Authorizing the Use of Cash Collateral [Dkt No. 42]. On July __, 2014, the Court entered its Final Order Authorizing the Use of Cash Collateral [Dkt No. _____] (the "Cash Collateral Order"). The Debtors have not sought to obtain any debtor-in-possession ("DIP")post-petition financing.

#### 3. Proof of Claim Bar Date.

The current Bar Date for creditors to file proofs of claim is September 29, 2014, except for Governmental Units which have until November 27, 2014 to file proofs of claim. [Dkt. No. 30].

#### 4. Retention of Professionals.

On June 17, 2014, the Court entered an order granting the Debtors' Application for Authority to Employ Fulbright & Jaworski LLP as bankruptcy counsel. [Dkt. No. 116]. The Debtors also obtained Court approval to employ: (i) Epiq Bankruptcy Solutions, LLC as the Debtors' Noticing and Solicitation Agent (the "Noticing and Solicitation Agent") [Dkt. No. 72];

(ii) Conway MacKenzie, Inc. to provide financial advisory services to the Debtors in connection with the operation of the Debtors' businesses and their formulation of a plan of reorganization; and (iii) Global Hunter Securities, LLC as sale advisor to the Debtors.

An estimation of the professional fees and expenses that will be incurred throughout the rest of the chapter 11 cases is also set forth in **Exhibit C**.

**5. Appointment of the Committee.**

On June 10, 2014, the Office of the United States Trustee (the "U.S. Trustee") appointed an Official Committee of Unsecured Creditors (previously defined as the "Committee"), consisting of (i) Kenai Offshore Ventures, L.L.C.; (ii) Archer Drilling, L.L.C.; (iii) Teras Oilfield Support Limited; (iv) Frank's International, L.L.C.; and (v) AIMM Technologies, Inc. The Committee has employed Greenberg Traurig, LLP, 1000 Louisiana, Suite 1800, Houston, TX 77002, as its bankruptcy counsel and Alvarez & Marsal North America, LLC as its financial advisor.

**6. Lease/Contract Rejection.**

Since the filing of these cases, the Debtors have filed motions to reject equipment leases and executory contracts including contracts relating to the Endeavour Rig and the Glacier Rig, and the related service contracts with Spartan Offshore Drilling, LLC and All American Oilfield Associates, LLC, respectively. The Debtors will continue to analyze executory contracts and unexpired leases of non-residential property and may file additional motions to reject certain of these contracts prior to the Confirmation Hearing.

**7. The Marketing and Sale Process.**

The Debtors' largest secured creditor, AIX Energy, LLC, asserts a lien on substantially all of the Debtors' assets securing an obligation owed by or guaranteed by all of the Debtors in the amount of over $58,000,000. Prior to the Petition Date, AIX Energy, LLC agreed to serve as a stalking horse bidder in the sale of the Debtors' Kenai Loop Assets which form the bulk of Debtors' non-litigation assets. On June 20, 2014, the Debtors filed their Emergency Motion for Entry of an Order (A) Approving Bidding Procedures in Connection with Sale of Substantially All of the Debtors' Assets; (B) Scheduling an Auction; and (D) Granting Related Relief [Dkt. No. 150] seeking authority to sell their assets pursuant to certain bid procedures.

On June 27, 2014, the Court approved the Debtors' their application to employ Global Hunter Securities, LLC as sale advisor. [Dkt. No. 168]. After assembling the necessary marketing and due diligence materials, Global Hunter Securities, LLC initiated a process designed to sell all or part of the Debtors' assets. During the process, Global Hunter Securities, LLC has developed a list of over 25 different potential financial and strategic partners tiered in priority based upon their likely interest and ability to purchase the Debtors' assets.

**G. The Ancillary Insolvency Proceeding in Australia**

On June 6, 2014, John T. Young Jr. on behalf of BCC filed an application in the Federal Court of Australia seeking to have its Chapter 11 bankruptcy proceeding recognized as a foreign

main proceeding under the UNCITRAL Model Law on Cross-Border Insolvency, as enacted in Australia under the Cross-Border Insolvency Act 2008 (Cth). A hearing on the interim application for recognition was held on June 6, 2014, at which time the Court set the application for final relief and recognition for hearing on June 13, 2014. At the June 13th hearing, an interested party—Chrystal Capital Partners LLP ("Chrystal")—appeared and requested a 14-day adjournment so that it could consider whether or not it would oppose the application. A 7-day adjournment was ultimately granted, thereby moving the final hearing on the recognition application to June 20th. At the June 20th hearing, Chrystal opposed the recognition application. As a result of Chrystal's opposition, the Court set additional deadlines for the parties to submit evidence in support of their respective positions. At a further hearing on June 27, 2014, the Australian Court entered an order staying other proceedings against BCC and enjoining creditors from enforcement or execution against BCC or its assets in Australia until the final hearing on recognition of BCC's US bankruptcy case set for July 2 and 8, 2014.

## ARTICLE IV
## ASSETS AND LIABILITIES OF THE DEBTORS

### A. The Debtors' Pre-petition Assets

The Debtors' assets and liabilities as of the Petition Date are set forth in the Schedules of Assets and Liabilities (the "Schedules") filed June 20, 2014,[13] and reference should be made thereto for information concerning such assets and liabilities as of the Petition Date. Copies of the Debtors' Schedules and any amendments thereto filed in this bankruptcy case may be viewed online at any time through the Bankruptcy Court's PACER System at *www.txs.uscourts.gov* or at the website of the Debtors' Noticing and Solicitation Agent at *http://dm.epiq11.com/BUC/Project.*

The Schedules filed by the Debtors in their respective bankruptcy cases included intercompany receivables between and amongst the Debtors. The Plan provides that all such inter-Debtor receivables will be cancelled on the Effective Date. Eliminating inter-Debtor receivables, the Schedules reflect that, on a consolidated basis, the Debtors had assets valued at $39,483,122.53 on the Petition Date. Certain assets listed in the Schedules were listed as having unknown value.

After the Closing of the sale to the Purchaser, the Debtors' assets will consist of (i) the net proceeds of the sale, and (ii) the assets excluded from the sale to Purchaser under the terms of the Asset Purchase Agreement, including without limitation the Debtors' Causes of Action and Avoidance Actions.

### B. The Debtors' Pre-Petition Liabilities

#### 1. Liabilities Scheduled by the Debtors.

The Debtors' liabilities as of the Petition Date are set forth in the Schedules described above. The Schedules filed by the Debtors included intercompany payables between and

[13] See Dkt. Nos. 132, 134,136, 138, 140, 142, 144, 146, and 148, respectively.

amongst the Debtors. The Plan provides that all such inter-Debtor payables will be cancelled on the Effective Date. Eliminating inter-Debtor payables, the Schedules reflect that, on a consolidated basis, the Debtors owed liabilities to unsecured creditors of $30,771,939.96 on the Petition Date.

The Claims for rejection of Executory Contracts and Unexpired Leases are estimated to be over $100 million.

**2. Secured Revolving Credit Facility.**

As described above, each of BAO, BUC, BAK, Kenai Land, BAD and Kenai Drilling are Borrowers under the AIX Facility, which continues to be guaranteed by BEH and BCC. As of the Petition Date, the aggregate unpaid principal balance of the AIX Facility, including all accrued, unpaid interest, fees, expenses and other amounts owing under the financing agreement and credit documents, was $58,226,264.71. The AIX Facility matures on June 30, 2014.

**C. Preferences, Fraudulent Transfers and Other Avoidance Actions and Causes of Action**

Under section 547 of the Bankruptcy Code, a debtor's bankruptcy estate may recover certain preferential transfers of property, including cash, made while insolvent during the 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 (1) year preference period.

There are certain defenses to preference recoveries. Transfers made in the ordinary course of the debtor's and transferee's business according to the ordinary business terms in respect of debts less than 90 days before the filing of a bankruptcy are not recoverable. Additionally, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension of credit may constitute a defense to recovery, to the extent of any new value, against an otherwise recoverable transfer of property. If a transfer is recovered by the estate, the transferee has an Unsecured Claim against the debtor to the extent of the recovery.

On June 20, 2014, each Debtor filed its Statement of Financial Affairs which includes, among other information, a list of potentially preferential transfers made within the preference period.[14] Copies of each Debtor's Statement of Financial Affairs and any amendments thereto filed in this bankruptcy case may be viewed online any time through the Bankruptcy Court's PACER System at *www.txs.uscourts.gov* or at the website of the Debtors' Noticing and Solicitation Agent at *http://dm.epiq11.com/BUC/Project.* The Debtors have not yet analyzed whether any of these payments are preferences (within the meaning of the Bankruptcy Code) or whether the recipients of such payments would have a defense to a preference action, if commenced. Creditors should be aware that payments received within the preference period may be recoverable in a subsequent action by the Debtors' Estates or Litigation Trustee.

[14] See Dkt. Nos. 133, 135, 137, 139, 141, 143, 145, 147 and 149, respectively.

Under section 548 of the Bankruptcy Code and various state laws, a debtor may recover certain prepetition transfers of property, including the grant of a security interest in property, made while insolvent to the extent the debtor receives less than fair value for such property. In addition, avoidance actions exist under sections 544, 545, 549 and 553(b) of the Bankruptcy Code that allow a debtor to avoid and/or recover certain property. As of the date of the distribution of this Disclosure Statement, the Debtors have not yet estimated the potential recovery from the prosecution of their Avoidance Actions. Under the Plan, the Avoidance Actions belonging to the Debtors' estates are specifically reserved and the Liquidating Trustee will have the authority as a representative of the Estates to investigate and prosecute all such Avoidance Actions in accordance with section 1123(b)(3) of the Bankruptcy Code.

In addition to the Avoidance Actions described above, the Debtors have claims and potential Causes of Action against third parties which, if successful, could generate additional Cash or result in the reduction or elimination of Claims against the Debtors' Estates. In addition to the $30 million counterclaim against Archer discussed above, the Debtors' may also have Causes of Action for, without limitation, commercial tort claims, lender liability claims and claims against former officers or directors.

All of the Debtors' Causes of Action will be retained under the Plan and transferred to the Liquidating Trust to be prosecuted for the benefit of creditors. A list of the Retained Causes of Action is attached to the Plan as Plan Exhibit A.

## ARTICLE V
## CLASSIFICATION OF CLAIMS AND INTERESTS UNDER THE PLAN

### A. Administrative Claims and Priority Tax Claims

In accordance with § 1123(a)(l) of the Bankruptcy Code, certain Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Interests set forth in this Article V. These unclassified Claims are treated as follows.

#### 1. Administrative Claims

On the Initial Distribution Date or fifteen (15) days after the Claim Allowance Date, whichever is later, and except as otherwise provided herein, each holder of an Allowed Administrative Claim, including Professional Fee Claims will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim (i) Cash equal to the unpaid portion of such Allowed Administrative Claim; (ii) treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code; or (iii) such other lesser treatment as to which the Debtors and such holder have agreed upon in writing; *provided, however*, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

### 2. Priority Unsecured Tax Claims

On the Initial Distribution Date or fifteen (15) days after the Claim Allowance Date, whichever is later, and except as otherwise provided herein, each holder of an Allowed Priority Unsecured Tax Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Unsecured Tax Claim (i) Cash equal to the unpaid portion of such Allowed Priority Unsecured Tax Claim; or (ii) treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code; or (iii) such other lesser treatment as to which the Debtors and such holder have agreed upon in writing; *provided*, *however*, that Allowed Priority Unsecured Tax Claims that are not due and payable on or before the Initial Distribution Date shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

## B. Classification of Claims and Interests

All Claims and Interests, except for Administrative Claims and Priority Tax Claims, are placed in the Classes as set forth below.

A Claim or Interest is placed in a particular Class only to the extent the Claim or Interest falls within the description of that Class and classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim or Interest is also placed in a particular Class only for the purpose of voting on, and receiving distributions pursuant to, the Plan to the extent such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date.

Under the Plan, Claims and Interests are classified as follows:

| **Class** | **Description** | **Status** | **Voting Rights** |
|---|---|---|---|
| Class 1(a) | Secured Tax Claims | Unimpaired | Not Entitled to Vote |
| Class 1(b) | Other Secured Claims | Unimpaired | Not Entitled to Vote |
| Class 2 | Priority Non-Tax Claims | Unimpaired | Not Entitled to Vote |
| Class 3 | General Unsecured Claims | Impaired | Entitled to Vote |
| Class 4 | Subordinated claims | Impaired | Entitled to Vote |
| Class 5 | Equity Interests in the Subsidiary Debtors | Non-voting | Not Entitled to Vote |
| Class 6 | Equity Interests in Buccaneer Energy Limited | Non-voting | Not Entitled to Vote |

In the event a controversy or dispute should arise involving issues related to the classification, impairment or voting rights of any Creditor or Interest Holder under the Plan, prior to the Confirmation Date, the Bankruptcy Court may, after notice and a hearing, determine such controversy. Without limiting the foregoing, the Bankruptcy Court may estimate for voting purposes the amount of any contingent or unliquidated Claim, the fixing or liquidation of which, as the case may be, would unduly delay the administration of the Chapter 11 Cases. In addition,

the Bankruptcy Court may in accordance with § 506(b) of the Bankruptcy Code conduct valuation hearings to determine the Allowed Amount of any Secured Claim.

### C. Summary of Proposed Distributions Under the Plan

Certain Claims, including Priority Tax Claims and Administrative Claims, are not classified under the Plan, are not entitled to vote on the Plan, and will receive in full satisfaction, release and settlement of such Claims: (i) Cash equal to the unpaid portion of such Allowed Administrative or Priority Tax Claim; (ii) treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code, or (iii) such other treatment as agreed to in writing by the Debtors or the Liquidating Trustee and the holder of such Allowed Administrative Claim or Priority Tax Claim; provided, however, that holders of Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during these Cases will be paid in the ordinary course of business in accordance with the terms and conditions of any written agreement relating thereto.

The table below summarizes the classification and treatment of the prepetition Claims and Interests under the Plan. This summary is qualified in its entirety by reference to the provisions of the Plan.

| Class | Type of Claim or Equity Interest | Estimated Range of Allowed Claims or Interests | Treatment of Claims or Interests | Estimated Percentage of Recovery under the Plan |
|---|---|---|---|---|
| **1(a)** | Secured Tax Claims | $ | Holders of Allowed Secured Tax claims will receive (i) Cash equal to the due and unpaid portion of such Allowed Secured Tax Claim or (ii) such other treatment as agreed to in writing by the holder of the Class 1 Allowed Secured Tax Claim and the Debtors or the Liquidating Trustee. | **100%** |
| **1(b)** | Other Secured Claims | $ | Holders of Allowed Other Secured Claims, if any, will receive (i) Cash in the amount of the Allowed Claim; (ii) the proceeds from the surety bond, certificate of deposit or letter of credit securing the Debtors' obligation(s) if properly drawn or otherwise obtained in conformity with the terms of the agreement posting the applicable surety bond, certificate of deposit or letter of credit; (iii) the return of the Collateral securing such Allowed Claim; or (iv) such other lesser treatment as to which the Debtors and such holder have agreed upon in writing. Any unsecured deficiency remaining after the treatment of an Allowed Other Secured Claim under the Plan will be treated as a Class 3 Claim. | **100%** |

| Class | Type of Claim or Equity Interest | Estimated Range of Allowed Claims or Interests | Treatment of Claims or Interests | Estimated Percentage of Recovery under the Plan |
|---|---|---|---|---|
| **2** | Priority Non-Tax Claims | $ | Holders of Allowed Priority Unsecured Non-Tax Claims will receive either (i) Cash equal to the unpaid portion of such Allowed Class 2 Claim or (ii) such other lesser treatment as to which the Debtors and such holder have agreed upon in writing. All Class 2 Claims which are not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof. | **100%** |
| **3** | General Unsecured Claims | $ | Holders of Allowed General Unsecured Claims will receive Pro Rata Distributions of Available Cash pursuant to Articles 5 and/or 9 of the Plan. The Liquidating Trustee will make additional future distributions to holders of Allowed Claims in Class 3 from Available Cash on subsequent Payment Dates as the Liquidating Trustee determines appropriate after consultation with the Post-Confirmation Committee. In the event that the Allowed Amount of Allowed Claims in Class 3 is paid in full and there exists remaining Available Cash, holders of Allowed Claims in such class shall receive interest at the Plan Rate. | **%** |
| **4** | Subordinated Claims | $ | Holders, if any, of an Allowed Subordinated Claim shall receive, after the payment if full of Allowed Claims in Classes 1(a), 1(a), 2, and 3, Pro Rata Distributions of Available Cash pursuant to Articles 5 and/or 9 of the Plan. In the event that the Allowed Amount of principal of Allowed Claims in Class 4 is paid in full and there exists remaining Available Cash, holders of Allowed Claims in such class shall receive interest at the Plan Rate. | **Unknown** |
| **5** | Interests in Subsidiary Debtors | | On the Effective Date all Equity Interests of (i) Buccaneer Energy Limited in Buccaneer Resources, LLC, Buccaneer Energy Holdings, Inc., Buccaneer Alaska, LLC, Kenai Land Ventures, LLC, Buccaneer Alaska Drilling, LLC, and Buccaneer Royalties, LLC, (ii) Buccaneer Energy Holdings, Inc. in Buccaneer Alaska Operations, LLC, and (iii) Buccaneer Alaska Drilling, LLC in Kenai Drilling, LLC shall be preserved and transferred to the Liquidating Trust. In accordance with Article 7.4 of the Plan, the Liquidating Trustee shall file all documents necessary to effect a dissolution of the Subsidiary Debtors under applicable law. | **0%** |

| Class | Type of Claim or Equity Interest | Estimated Range of Allowed Claims or Interests | Treatment of Claims or Interests | Estimated Percentage of Recovery under the Plan |
|---|---|---|---|---|
| **6** | Interests in Buccaneer Energy Limited | | On the Effective Date all existing Equity Interests in Buccaneer Energy Limited shall be preserved and continue to be owned by their current holders solely for the purposes of Distributions, if any, under the Plan, shall not be transferrable except by applicable laws of descent or upon entry of an order by a court of competent jurisdiction, and shall have no voting rights or other powers. If the Effective Date has occurred, and, as the result of Distributions made by the Debtors and/or the Liquidating Trustee, (i) all Allowed Claims provided for in this Plan have been paid in full in accordance with the Plan and (ii) all fees and expenses of the Liquidating Trust have been paid in full or sufficient reserves have been set aside for such payment, and there remains any Available Cash in the Liquidating Trust, then the Liquidating Trustee shall make a final Distribution of that Available Cash to holders of Class 6 Equity Interests in proportion to each Interest holder's percentage of ownership in Buccaneer Energy Limited as reflected on the share registry of Buccaneer Energy Limited as of the Petition Date. In the event there is no such Available Cash, then holders of Class 6 Equity Interests in Buccaneer Energy Limited shall receive no Distributions on account of their Equity Interests and in accordance with Article 7.4 of the Plan, the Liquidating Trustee shall file all documents necessary to effect a dissolution of or otherwise dispose of Buccaneer Energy Limited under applicable law. | **0%** |

**Except as provided otherwise in the Plan or by order of the Bankruptcy Court, only holders of Claims or Interests who hold those Claims or Interests as of the Record Date shall be entitled to the treatment described above.** The Record Date is the date the order conditionally approving the Disclosure Statement was entered by the Bankruptcy Court.

## ARTICLE VI
## MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

The Plan provides, among other things, that on the Effective Date (1) all assets of the Debtors not previously sold will vest in the Reorganized Debtors, (2) the Liquidating Trust will be created and the Reorganized Debtors will transfer the Liquidating Trust Assets to the Liquidating Trust, (3) the Reorganized Debtors will continue their corporate existence, and (4) the Liquidating Trustee will implement the terms of the Plan and, in consultation with the Post-Confirmation Committee, sell the Debtors' remaining Assets, prosecute the Debtors' Causes of

Action, administer the claims against the Debtors and make Distributions to holders of Allowed Claims and Allowed Interests under the Plan.

### A. Sale of Substantially All Assets of the Debtors

As noted above, on July ____, 2014, the Bankruptcy Court approved the Debtors' motion to sell substantially all of the Debtors' assets to the purchaser and the closing of the sale is to occur on August ___, 2014.

The sale of the purchased assets to the Purchaser was a sale free and clear of liens, claims, encumbrances and interests, with any such liens, claims, encumbrances and interests attaching to the sale proceeds in the same order of priority as they existed before the sale. The sale proceeds will be distributed in accordance with the terms and provisions of the Plan.

### B. Rejection of Executory Contracts and Unexpired Leases

Plan Exhibit B lists the Executory Contracts and Unexpired Leases, if any, to be assumed by the Debtors. Pursuant to Bankruptcy Code section 365(a), the Plan constitutes a motion to assume any Executory Contracts and Unexpired Leases listed on Plan Exhibit B.

Pursuant to Bankruptcy Code section 365(a), the Plan constitutes a motion to reject all Executory Contracts and Unexpired Leases not listed on Plan Exhibit B. Entry of the Confirmation Order shall constitute the approval, pursuant to Bankruptcy Code section 365(a), of the rejection of the Executory Contracts and Unexpired Leases not assumed pursuant to the Plan.

Unless the Bankruptcy Court, the Bankruptcy Code, or the Bankruptcy Rules establish an earlier deadline concerning the rejection of particular Executory Contracts or Unexpired Leases, any Claim arising out of the rejection of Executory Contracts and Unexpired Leases under the Plan, or arising out of the rejection of Executory Contracts or Unexpired Leases after the Bar Date and before the Effective Date, must be filed with the Bankruptcy Court and served on the Reorganized Debtors and Liquidating Trustee within thirty (30) days after the Effective Date, or if an earlier date has been set by the Court, on the earlier date. Any Claims not filed within that time period will be extinguished and forever barred, and therefore will not receive any Distributions under the Plan. Any Claims arising out of the rejection of an Executory Contract or Unexpired Leases pursuant to a Final Order entered before the Bar Date must have been filed before the Bar Date; otherwise those Claims are extinguished and forever barred, and therefore will not receive Distributions under the Plan. All Claims arising from the rejection of an Executory Contract shall be treated as a Class 3 General Unsecured Claim under the Plan.

To the extent not already rejected pursuant to a Final Order, all employment and retirement practices and policies and all compensation, retirement and employee benefit plans (except as provided below), policies and programs of the Debtors applicable to its current or former directors, officers, or employees (including all savings plans, retirement plans, health care plans, accrued unpaid vacation, sick leave, medical benefits, incentive plans, workers' compensation programs, and life, disability and other insurance plans), to the extent arising from Executory Contracts, shall be rejected as of the Effective Date, and shall not be binding on the Debtors, the Purchaser, the Reorganized Debtors or Liquidating Trustee to any extent.

Subject to the occurrence of the Effective Date, the obligations of the Debtors to indemnify, defend, reimburse or limit the liability of directors or officers who were or are directors or officers of the Debtors at any time, against any claims or causes of action as provided in the Debtor's certificate of incorporation, by-laws, applicable state law, contract, or otherwise shall not survive confirmation of the Plan except as otherwise provided in the Plan or by order of the Bankruptcy Court.

### C. Liquidating Trustee

The Plan will appoint a Liquidating Trustee with all the powers of a debtor-in-possession and a trustee appointed under chapter 7 of the Bankruptcy Code who will answer to and be directed by a three-member Post-Confirmation Committee. The initial members of the Post-Confirmation Committee will be selected by the Committee. The proposed Liquidating Trustee and designated members will be identified in a Plan Supplement filed prior to the Confirmation Date. On the Effective Date, the Liquidating Trust will be formed, the Liquidating Trust Assets will be transferred by the Reorganized Debtors to the Liquidating Trust and the Liquidating Trustee will administer those assets, administer claims and make distributions of Liquidating Trust Assets to holders of Allowed Claims and Interests in accordance with the terms of the Plan.

Subject to establishing the reserves required under the Plan, the Liquidating Trustee shall have authority to make distributions of Cash at such time or times the Liquidating Trustee believes there is Available Cash to warrant a Distribution. As soon as practicable after the Effective Date, the Liquidating Trustee will make a Distribution on the Initial Distribution Date to holders of Allowed Claims. The Liquidating Trustee shall make Distributions only from Available Cash, except as otherwise provided in the Plan.

The Liquidating Trustee, shall serve as the sole officer/director/manager of the Reorganized Debtors and at the appropriate time, and in consultation with the Post-Confirmation Committee, but in any event, as promptly after the Effective Date as is expedient, file all documents necessary to effect a dissolution of the Reorganized Debtors under applicable law.

Following the liquidation of the Liquidating Trust Assets and the distribution of all Available Cash and any reserve provided for or contemplated by the Plan, the Liquidating Trustee shall file with the Bankruptcy Court and serve on the U.S. Trustee a final report outlining funds distributed under the Plan and shall take such other steps as necessary to close the bankruptcy cases.

### D. Creation of the Liquidating Trust

On the Effective Date, all property of the Estate of any kind and nature whatsoever, real, personal, intellectual or otherwise, shall be transferred to the Liquidating Trust. The Liquidating Trust shall be established for the sole purpose of receiving the benefit of the ongoing obligations of third parties and liquidating and distributing the Liquidating Trust Assets in accordance with the Plan.

Upon creation of the Liquidating Trust, holders of Allowed Claims in Classes 3-4 and Class 6 Allowed Interests shall be the Beneficiaries of the Liquidating Trust. Upon the liquidation of any remaining assets of the Estate, and after the payment of all costs and expenses

of collection, the Liquidating Trustee will distribute the corpus of the Liquidating Trust to the Beneficiaries of the Liquidating Trust in accordance with the Plan and the priority and percentage of their interests in the Liquidating Trust. No certificates in, or other tangible evidence of ownership of, the Liquidating Trust Assets will be issued. Beneficial interests in the Liquidating Trust will not be certificated and may not be transferred with the exception of a transfer that occurs by will, the laws of descent and distribution or by operation of law.

The Liquidating Trust shall remain and continue in full force and effect until the earlier of five (5) years from the Effective Date or the date on which (1) all Liquidating Trust Assets have been distributed or abandoned, (2) all costs, expenses, and obligations incurred in administering the Liquidating Trust have been fully paid, and (3) all remaining income and proceeds of the Liquidating Trust Assets have been distributed in accordance with the provisions of the Plan; provided, however, that if the complete liquidation of the Liquidating Trust Assets and satisfaction of all remaining obligations, liabilities and expenses of the Liquidating Trust pursuant to the Plan has not been completed prior to five (5) years from the Effective Date, the Liquidating Trustee may, for good cause shown, seek the approval of the Bankruptcy Court for an extension of the termination date of the Liquidating Trust for a specified period of time in order to complete the purpose of the Liquidating Trust as set forth in the Plan and the Liquidating Trust Agreement.

### E. Enforcement, Compromise, Adjustment and Estimation of Claims Belonging to the Bankruptcy Estate

Pursuant to, among other authority, section 1123(b)(3)(B) of the Bankruptcy Code, until unsecured creditors are paid in full, the Liquidating Trustee shall have the sole and full power, authority, and standing to prosecute, compromise, or otherwise resolve any of the Debtors' Causes of Action, including Avoidance Actions. All net proceeds derived from the Causes of Action shall become Liquidating Trust Assets and be distributed as Available Cash in accordance with the Plan.

The Reorganized Debtors and the Liquidating Trustee shall not be subject to any counterclaims with respect to the Avoidance Actions and any other claims and causes of actions constituting property of the Liquidating Trust provided, however, that the claims and Causes of Action (other than Avoidance Actions) will be subject to any applicable setoff rights. The Debtors' failure to identify a claim or Cause of Action herein is specifically not a waiver of any claim or Cause of Action. The Debtors will not ask the Bankruptcy Court to rule or make findings with respect to the existence of any Cause of Action or the value of such Causes of Action at the Confirmation Hearing; accordingly, except claims or Causes of Action which are expressly released by the Plan or by an Order of the Bankruptcy Court, the Debtors' failure to identify a claim or Cause of Action herein shall not give rise to any defense of any preclusion doctrine, including, but not limited to, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or otherwise), or laches with respect to claims or Causes of Action which could be asserted, except where such claims or Causes of Action have been explicitly released in the Plan or the Confirmation Order.

Article 9 of the Plan also provides that disputed, contingent or unliquidated Claims may be estimated for purposes of voting, distribution and the establishment of Disputed Claim

Reserves or Disputed Cure Claim Reserves by separate order of the Bankruptcy Court. The Bankruptcy Court has broad discretion to fashion procedures for the estimation of unliquidated claims under section 502(c) of the Bankruptcy Code using whatever method is best suited to the circumstances, including a summary trial procedure involving proffers of evidence, affidavits, deposition testimony, exhibits, answers to discovery requests, and limited live testimony.

**F. Payment of U.S. Trustee Fees**

All post-petition pre-confirmation quarterly fees of the U.S. Trustee will be paid in full on or before the Effective Date. After the Effective Date and until the chapter 11 cases are closed, the Liquidating Trustee shall pay all fees incurred under 28 U.S.C.§ 1930(a)(6) in the ordinary course of business.

**G. Resolution of Objections to Proofs of Claim**

After the Effective Date, the Liquidating Trustee will have sole authority to administer, reconcile and settle Claims against the Debtors' Estate. The Debtors will, if necessary, object to Administrative, Secured, Priority Tax Claims and Priority Non-Tax Claims prior to the Confirmation Date.

Except as otherwise provided herein, the Liquidating Trustee must file any objections to Claims with the Bankruptcy Court and serve a copy of the objection on the holder of such Disputed Claim before the later of (a) 60 days after the applicable Bar Date, or (b) 60 days after the entry of a Final Order deeming a late-filed Proof of Claim to be treated as timely filed.

For holders of Claims that are Allowed as of the Effective Date, the Plan provides for Distributions to commence to such holders as soon as practicable after the Effective Date. However, if a Claim is a Disputed Claim, the payment will occur following the allowance of the Claim by a Final Order of the Bankruptcy Court.

**H. Bar Dates for Unclassified Claims**

All requests for payment of Administrative Claims arising on or before the Effective Date (except applications for payment of Professional Fee Claims) must be filed with the Bankruptcy Court and served on the Liquidating Trustee, the Reorganized Debtors, and the U.S. Trustee no later than 60 days after the Effective Date, or by such earlier deadline as may apply to a particular Administrative Claim pursuant to an order of the Bankruptcy Court entered before the Effective Date. Any Administrative Claim, except Professional Fee Claims, for which an application or request for payment is not filed within the above-referenced time period shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan.

All requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court and served on the Liquidating Trustee, the Reorganized Debtors and the U.S. Trustee no later than 90 days after the Effective Date. Any such Professional Fee Claims for which an application or request for payment is not filed within that time period shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan.

## ARTICLE VII
## VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

### A. Ballots and Voting Deadline

Accompanying this Disclosure Statement is a "Notice of: (A) Deadline to Vote to Accept or Reject the Joint Chapter 11 Plan of Reorganization for the Debtors and Debtors-in-Possession, (B) Deadline to Object to Approval of the Disclosure Statement for the Joint Chapter 11 Plan of Reorganization for the Debtors and Debtors-in-Possession, (C) Deadline to Object to Plan Confirmation, (D) Combined Hearing to Consider Final Approval of Disclosure Statement and Confirmation of Plan, and (E) Related Matters and Procedures" (the "Solicitation Notice").

**In order for your vote to count, you must follow the directions set forth in the Solicitation Notice accompanying the Disclosure Statement and Plan which contains a detailed description of the process for voting and the tabulation of ballots.**

A ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement, and has been mailed to holders of Claims and Interests entitled to vote. After carefully reviewing the Disclosure Statement and all exhibits, including the Plan, each holder of a Claim or Interest entitled to vote should indicate its vote on the enclosed ballot. All holders of Claims or Interests 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 Voting Deadline (defined below) for the ballot to be considered.

In order for your vote on the Plan to count, the original, signed Ballot must be actually received by Balloting Agent no later than **August _____, 2014 at 5:00 p.m.** United States **Eastern** Time ("Voting Deadline"). The Balloting Agent is Epiq Bankruptcy Solutions, LLC, and Ballots should be sent:

| By regular US mail to: | | By messenger or overnight courier to: |
|---|---|---|
| Buccaneer Resources, LLC<br>Ballot Processing<br>c/o Epiq Bankruptcy Solutions, LLC<br>FDR Station, P.O. Box 5014<br>New York, NY 10150-5014 | OR | Buccaneer Resources, LLC<br>Ballot Processing<br>c/o Epiq Bankruptcy Solutions, LLC<br>757 Third Avenue, 3rd Floor<br>New York, NY 10017 |

Any Ballot received by the Balloting Agent after the Voting Deadline shall not be counted, unless the Court orders otherwise. Ballots will not be counted if they are delivered by facsimile, email or any other electronic means or that do not contain an original signature.

### B. Holders of Claims Entitled to Vote.

Except as otherwise provided in the Plan, any holder of a Claim against the Debtors whose claim is impaired under the Plan is entitled to vote, if either (i) the Debtors have scheduled the holder's Claim at a specific amount other than $0.00 (and such Claim is not scheduled as "disputed," "contingent," or "unliquidated") or (ii) the holder of such Claim has filed a Proof of Claim on or before the deadline set by the Bankruptcy Court for such filings in a

liquidated amount. Any holder of a Claim as to which an objection has been filed (and such objection is still pending as of the time of confirmation of the Plan) is not entitled to vote, unless the Bankruptcy Court (on motion by a party whose Claim 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, the vote of a holder of a Claim may be disregarded if the Bankruptcy Court determines that the holder'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 interests in these chapter 11 cases of September 29, 2014. The Bankruptcy Court further established a bar date for filing proofs of claim in these chapter 11 cases by Governmental Units of November 27, 2014. Timeliness or other substantive issues which may affect the ultimate allowability of a particular claim have not been considered in connection with classification. The Plan provides a period of the later of (a) 60 days after the applicable Bar Date, or (b) 60 days after the entry of a Final Order deeming a late-filed Proof of Claim to be treated as timely filed for the Liquidating Trustee to object to claims.

Prior to the Confirmation Hearing, the Debtors intend to file a Plan Supplement that includes, among other things, the list of assumed Executory Contracts (with associated Cure Amounts, if any), and a description of Retained Causes of Action. As the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made available on the website of the Debtors' Noticing and Solicitation Agent, *http://dm.epiq11.com/BUC/Project*.

### D. Definition of Impairment

Under Bankruptcy Code section 1124, a class of Claims or Interests is impaired under a plan of reorganization unless, with respect to each Claim or Interests of such class, the plan:

(1) leaves unaltered the legal, equitable, and contractual rights of the holder of such Claim or Interest; or

(2) notwithstanding any contractual provision or applicable law that entitles the holder of a Claim or Interest to demand or receive accelerated payment of such 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 any reasonable reliance on such contractual provision or applicable law; and

(d) does not otherwise alter the legal, equitable, or contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest.

### E. Classes Impaired Under the Plan

Claims in Class 1(a), 1(b) and 2 are not impaired under the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, holders of Claims within these Classes are conclusively presumed to have accepted the Plan, and therefore are not entitled to vote to accept or reject the Plan.

Allowed Claims in Classes 3 and 4 are impaired under the Plan and are entitled to vote to accept or reject the Plan.

Interests in Class 5 and 6 are impaired under the Plan, are not expected to receive or retain any property under the Plan, are conclusively presumed to have rejected the Plan under Bankruptcy Code section 1126(g), and therefore are not entitled to vote to accept or reject the Plan.

### F. Information on Voting and Ballots

Ballots are being forwarded to all holders of Claims entitled to vote. The Bankruptcy Court has approved the procedures for solicitation of votes on the Plan and the tabulation of the ballots received from holders of Claims and Interests that are contained in the Solicitation Notice included in the solicitation package. **The descriptions of the solicitation and tabulation procedures contained in the Solicitation Notice are incorporated by reference as if fully set forth herein**.

### G. Confirmation of Plan

#### 1. Solicitation of Acceptances

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE PLAN ARE AUTHORIZED BY THE DEBTORS OR ANY OTHER PARTY, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE FOR OR AGAINST THE PLAN (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 DEBTORS.

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

the Bankruptcy Code may result in sanctions by the Bankruptcy Court, including disallowance of any improperly-solicited vote.

### 2. Confirmation Hearing

Pursuant to section 1128(a) of the Bankruptcy Code, the Bankruptcy Court, after notice, may hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

**The Confirmation Hearing will commence on August ____, 2014 at ___:00 _.m. Central time** before the Honorable David R. Jones, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of Texas, Victoria Division, 515 Rusk, Houston, Texas 770021. The Debtors may continue the confirmation hearing from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the bankruptcy court and served on the Master Service List and the entities who have filed an objection to the Plan, without further notice to parties in interest. The Bankruptcy Court, in its discretion and before the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the confirmation hearing, without further notice to parties in interest.

**The Plan Objection Deadline is August ___, 2014, at __:00 __.m. Central time**. All objections to the Plan must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest in accordance with the Disclosure Statement Order so that they are received on or before the Plan Objection Deadline.

If the Plan is rejected by one or more impaired Classes of Claims or 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 Interests impaired under the Plan. The procedures and requirements for voting on the Plan are described in more detail below.

### 3. Requirements for Confirmation of the Plan

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

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

b) The Debtors, as proponents of the Plan, have complied with the applicable provisions of the Bankruptcy Code;

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

d) Any payment or distribution made or promised by the Debtors, or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in connection with the case, or in connection with Plan and incident to the case, has been approved by or is subject to the approval of, the Court as reasonable;

e) The Debtors have disclosed, to the extent known, the identity and affiliation of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtors, affiliates of the Debtors participating in a joint plan, or a successor to the Debtors under the Plan; and the appointment to, or continuance in, such office of such individual is consistent with the interests of holders of Claims and Interests and with public policy; and the Debtors have disclosed the identity of any insider that will be employed or retained by the Debtors, 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 Debtors has 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 or Claims or Interests, either each holder of a Claim or Interest of the Class has accepted the Plan, or will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code. If Bankruptcy Code section 1111(b)(2) applies to the Claims of such 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 estate's interest in the property that secures such Claim;

h) Each Class of Claims or 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 Non-Tax Claim has agreed to a different treatment of its Claim, the Plan provides that Allowed Administrative Claims and Priority Non-Tax Claims shall be paid in full on the Effective Date or on the date such claim is Allowed by Final Order;

j) If a Class of Claims or Interests is impaired under the Plan, at least one such Class of Claims or Interests has accepted the Plan, determined without including any acceptance of the Plan by any insider;

k) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan; and

l) All fees payable under Section 1930 of Title 28, as determined by the Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Debtors believe that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for confirmation and that the Plan was proposed in good faith. The Debtors believe they have complied, or will have complied, with all the requirements of the Bankruptcy Code governing confirmation of the Plan.

### 4. Acceptances Necessary to Confirm the Plan

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

### 5. Liquidation Analysis and "Best Interests" Test

Even if the Plan is accepted by each class of holders of Claims and Interests, the Bankruptcy Code requires that the Bankruptcy Court find that the Plan is in the "best interests" of all holders of Claims or Interests that are impaired by the Plan and that have not accepted the Plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a Bankruptcy Court to find either that (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member of the class who has not accepted the plan with property of a value, as of the Effective Date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date.

To calculate the probable distribution to members of each impaired class of holders of claims or interests if a debtor were liquidated under chapter 7, a Bankruptcy Court must determine the aggregate dollar amount that would be generated from the debtor's assets if its chapter 11 case were converted to a case under chapter 7 of the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtors' assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by the claims of secured creditors to the extent of the value of their collateral and by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of a liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a chapter 7 trustee, as well as of counsel and other professionals retained by the chapter 7 trustee, asset disposition expenses, all unpaid expenses

incurred by the debtor in the chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 case, litigation costs, and claims arising from the operations of the Debtors during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the sale proceeds before the balance would be made available to pay general unsecured claims or to make any distribution to holders of equity interests.

Once the Bankruptcy Court ascertains the recoveries in liquidation of holders of secured and priority claims, it must then determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such distribution has a value greater than the distributions to be received by creditors and equity security holders under a debtor's plan, then such plan is not in the best interests of creditors and equity security holders.

As shown in the Liquidation Analysis annexed as **Exhibit C** to this Disclosure Statement, the Debtors believe that each member of each Class of Claims and Interests will receive at least as much, if not more, under the Plan as they would receive if the Debtors were liquidated in multiple chapter 7 cases administered by separate chapter 7 trustees. More specifically, the Debtors believe that a liquidation of the Debtors in chapter 7 cases would significantly impair recoveries to all stakeholders and clearly is not in the best interests of estate constituencies. Accordingly, it is clear that holders of Claims and Interests will fare much better under the Plan than in a chapter 7 liquidation.

### 6. Cramdown

In the event that any impaired Class of Claims or Interests does not accept the Plan, under section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may still confirm the Plan at the request of the Debtors 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 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 the liens, whether the property subject to such liens is retained by the Debtors or transferred to another entity, to the extent of its allowed Claim and receives deferred Cash payments totaling at least 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, as of the Effective Date of the Plan, 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 until the Unsecured Claims are paid in full.

With respect to equity Interests, "fair and equitable" means either (i) each impaired equity Interest receives or retains, on account of that Interest, property of a value, as of the Effective Date, equal to the greatest 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 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.

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

## ARTICLE VIII
## EFFECT OF CONFIRMATION OF THE PLAN, INJUNCTION AGAINST ENFORCEMENT OF PRE-CONFIRMATION DEBT AND EXCULPATION

### A. Effect of Confirmation of the Plan

Upon confirmation, the provisions of the Plan shall bind all holders of Claims and Interests, whether or not they accept the Plan. On and after the Effective Date, all holders of Claims and Interests are, thus, precluded from asserting any Claim against the Debtor or its assets or properties based on any transaction or other activity of any kind that occurred prior to the Effective Date, except as permitted under the Plan.

Subject to the terms of the Plan and the Confirmation Order, on the Effective Date, the Excluded Assets that are not Purchased Assets shall vest in the Reorganized Debtors and shall be transferred to and become the property of the Liquidating Trust, including without limitation all Claims, Causes of Action, alter-ego rights, derivative claims, breach of fiduciary duty claims, veil piercing rights and all other property of the estate as such property is defined by section 541 of the Bankruptcy Code and applicable non-bankruptcy law.

Except as otherwise specifically provided in the Plan or in the Confirmation Order, on the Effective Date all of the assets of the Debtors shall revest in the Reorganized Debtors and shall be free of all liens, claims and encumbrances and the Liquidating Trust Assets shall be transferred by the Reorganized Debtors to the Liquidating Trust.

Following the Effective Date, the Liquidating Trust will include all claims owned by the Debtors before the Confirmation Date, including all claims recoverable under Chapter 5 of the Bankruptcy Code, including all claims assertable under sections 502, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code, and all claims owned by the Debtor pursuant to section 541 of the Bankruptcy Code or similar state law, including all claims against

third parties on account of any indebtedness, and all other claims owed to or in favor of the Debtors to the extent not specifically compromised and released pursuant to the Plan or an agreement referred to or incorporated herein. After the Effective Date, all Causes of Action owned by the Debtors before the Confirmation Date will be preserved and retained for enforcement by the Liquidating Trustee; after the Effective Date, no other party will have the right to assert these claims.

Except as otherwise provided in this Plan or the Confirmation Order, or in any contract, instrument, release, indenture, or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Liquidating Trustee will retain and may enforce, sue on, pursue, settle, or compromise (or decline to do any of the foregoing) all Claims, rights or causes, rights or Causes of Action, suits, and proceedings, whether in law or in equity, whether known or unknown, that the Debtor or the Estate may hold against any Person.

### B. Prohibition Against Enforcement of Pre-Confirmation Debt, Exculpation

On and after the Effective Date, except as provided in the Plan or Confirmation Order, all holders of Claims and Interests will be bound by the terms of the Plan and shall be precluded from asserting against the Debtors, their Estates, the Purchaser, the Reorganized Debtors, the Liquidating Trustee or the Committees, or their employees or agents, any Claims, debts, rights, causes of action, liabilities, or Interests relating to the Debtors based upon any act, omission, transaction, or other activity of any nature that occurred prior to the Effective Date.

The Plan also provides that, notwithstanding any other provision of the Plan, no holder of a Claim or Interest, no Entities who have held, hold, or may hold Claims against or Interests in the Debtors prior to the Effective Date, no other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, and no successors or assigns of any of the foregoing, shall have any cause of action or right of action, whether in law or equity, whether for breach of contract, statute, or tort claim, against the Debtors (including their directors, officers and employees), the Reorganized Debtors (including their directors, officers and employees), the Committee (including any present and former members of either thereof and any and all of their professionals), the Liquidating Trust, the Liquidating Trustee, the Post-Confirmation Committee, legal, financial or restructuring advisors of any of the above, their respective successors or assigns, or their Estates, assets, properties, or interests in property, for any act or omission in connection with, relating to, or arising out of, these Chapter 11 Cases, the good faith solicitation of the Plan in accordance with section 1125(e) of the Bankruptcy Code, the pursuit of Confirmation of the Plan, consummation of the Plan, or the administration of the Debtors, the Plan or the property sold pursuant to the Court-approved sale of the Kenai Loop Assets or to be distributed under the Plan.

## ARTICLE IX
## CONDITIONS PRECEDENT TO EFFECTIVE DATE

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with the Plan:

(a) the Confirmation Order, in a form and in substance reasonably satisfactory to the Debtors, shall have been entered by the Clerk of the Bankruptcy Court;

(b) the sale of the Kenai Loop Assets shall have been closed and the Net Kenai Loop Asset Sales Proceeds shall have been delivered to the Debtors or Reorganized Debtors;

(c) the form of all documents necessary or appropriate to give effect to the transactions contemplated under the Plan, if any, have been approved and executed;

(d) all authorizations, consents and agreements required, if any, in connection with the consummation of the Plan shall have been obtained;

(e) there shall be no stay of the Confirmation Order in effect;

(f) all other actions, documents and agreements necessary to implement the Plan shall have been effected or executed; and

(g) The Debtors shall have filed a Notice of Effective Date on the docket of these jointly administered bankruptcy cases.

## ARTICLE X
## LIQUIDATION ANALYSIS, FEASIBILITY, AND RISK FACTORS

### A. Liquidation Analysis

Recoveries to Classes 1 through 6 are derived from cash on hand, generated from the sale of the Debtors' assets to the Purchaser and cash that may be generated in the future from the liquidation of the Liquidating Trust Assets.

Attached as **Exhibit C** is a Liquidation Analysis. The Liquidation Analysis, based solely on pro forma numbers, shows estimated Cash available on the Effective Date, and provides an estimate of the possible distribution and uses of the Cash available under the Plan. It also demonstrates that recoveries to Creditors and Interest holders under the Plan will be greater than they would receive under a liquidation pursuant to chapter 7 of the Bankruptcy Code.

The Debtors believe that based on the projections set forth in this Disclosure Statement, the Plan is feasible and Creditors should receive full recoveries on their Claims and holders in Interests should receive Distributions on account of their Interests.

### B. Feasibility of the Plan

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

The Bankruptcy Court has authorized and the Debtors will have, by the Confirmation Hearing, consummated the sale of substantially all of the Debtors' assets to the purchaser pursuant to a separately file motion to sell under 11 U.S.C. § 363. The Cash generated by the sale of the remaining Assets transferred to the Liquidating Trust, the liquidation of the other Assets and the prosecution of Causes of Action, as well as the funds already generated by the collection of accounts should sufficient to fund Distributions under the Plan and to establish a reasonable reserves, including the costs of administering the Liquidating Trust. The Plan satisfies section 1129(a)(11) of the Bankruptcy Code, because it provides for the liquidation of the Debtors' assets and the distribution of the proceeds of that liquidation by the Reorganized Debtors or the Liquidating Trust to holders of Allowed Claims.

### C. Risks Associated with the Plan

Both the confirmation and consummation of the Plan are subject to a number of risks. There are certain risks inherent in the confirmation process under the Bankruptcy Code. If certain standards set forth in the Bankruptcy Code are not met, the Bankruptcy Court will not confirm the Plan even if holders of Allowed Claims and Interest vote to accept the Plan. Although the Debtors believe that the Plan meets such standards, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court were to determine that such requirements were not met, it could require the Debtors to re-solicit acceptances, which could delay and/or jeopardize confirmation of the Plan. The Debtors believe that the solicitation of votes on the Plan will comply with section 1126(b) and that the Bankruptcy Court will confirm the Plan. The Debtors, however, can provide no assurance that modifications of the Plan will not be required to obtain confirmation of the Plan, or that such modifications will not require a re-solicitation of acceptances.

In addition, there is also a risk that holders of Allowed Claims in Classes 3 and 4 will not be paid one hundred percent (100%) of their claims, in which case, holders of Allowed Class 6 Interests would receive no distributions under the Plan.

## ARTICLE XI
## 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 consider an alternative plan of reorganization proposed by the Debtors (or another party after the Exclusive Period); (b) the Debtors' chapter 11 bankruptcy case could be converted to liquidation cases under chapter 7 of the Bankruptcy Code; or (c) the Bankruptcy Court could dismiss the Debtors' chapter 11 bankruptcy cases.

### A. Alternative Plans

The Debtors have the exclusive right to propose a plan of reorganization for the first 120 days of their Chapter 11 Cases, which time may be extended by the Court for cause, up to a maximum of (18) eighteen months from the Petition Date.

Once the Debtor's exclusivity period expires, any party in interest may file their own plan and seek its confirmation.

### B. Chapter 7 Liquidation

If the Plan is not confirmed, it is possible that the Debtors' chapter 11 cases will be converted to cases under chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate the assets of the individual Debtors for distribution to holders of Claims and Interests in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under chapter 7 or chapter 11, secured creditors, Administrative Claims and Priority Claims are entitled to be paid in cash and in full before unsecured creditors receive any funds.

Chapter 7 liquidations will often yield depressed values because the sale is conducted under more or less "fire sale" conditions and, ordinarily, an additional layer of advisors and experts would need to be retained by the chapter 7 trustee or trustees, giving rise to additional administrative expenses that would be entitled to priority.

Most importantly, the Debtors will have already sold substantially all of their assets to the Purchaser in a Bankruptcy Court-approved sale. The Closing of that transaction will have occurred prior to the Confirmation Date. After the Closing, the assets of the Debtors consist of the unsold Assets.

The Debtors, therefore, believe that the Distributions under the Plan to holders of Allowed Claims and Interests will be greater than any Distributions that such holders would receive in a hypothetical chapter 7 liquidation of the Debtor's estate and, accordingly, the Plan meets the requirements of Section 1129(a)(7) of the Bankruptcy Code.

### C. Dismissal

If the Debtors' bankruptcy cases were to be dismissed, they would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code, including the automatic stay. Without such fundamental protections preventing holders of Claims from taking actions against the Debtors, holders of Claims would be allowed to pursue their Claims against the Debtors outside of the bankruptcy proceeding. In particular, holders of Secured Claims would be allowed to exercise their state law remedies with respect to their collateral, including possible foreclosure. Accordingly, the Debtors believe that dismissal of the Debtors' bankruptcy cases, which would likely result in a piecemeal dismemberment of the Debtors and their assets, would not serve the best interests of holders of Claims and Interests. Rather, the Plan will result in greater certainty and a greater potential recovery to creditors.

## ARTICLE XII
## CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

This section summarizes certain U.S. federal income tax consequences of the Plan to the Debtors and to U.S. holders (as defined below) of Claims or Interests. This summary is for informational purposes only and, due to a lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various U.S. federal income tax consequences of the Plan as discussed herein. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan. No rulings or determinations of the Internal Revenue Service (the "IRS") or other tax authorities have been sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding upon the IRS or any other tax authority. A substantial amount of time may elapse between the date of this Disclosure Statement and the Effective Date, and events occurring after the date of this Disclosure Statement (including after the Effective Date), including changes in law and changes in administrative positions, could affect the U.S. federal income tax consequences of the Plan discussed below. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plan to the Debtors or any holder of Claims or Interests. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein. **HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS ARE THEREFORE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.**

### A. U.S. Federal Income Tax Consequences to the Debtors

#### 1. Cancellation of Indebtedness

Buccaneer Energy Limited is the common parent of a consolidated group (the Debtors) that files a consolidated U.S. federal income tax return, which takes into account the income and losses of all of the Debtors. As discussed below and in connection with the implementation of the Plan, the Debtors are expected to be able to exclude any COD income (as defined below) for purposes of determining their gross income for U.S. federal income tax purposes, but certain of their tax attributes, including net operating loss ("NOL") carryforwards, may be reduced or eliminated.

In general, the discharge of indebtedness in exchange for an amount of consideration that is less than the amount of the indebtedness that is discharged (in the case of indebtedness that constitutes a "debt instrument" for U.S. federal income tax purposes, the amount of such indebtedness considered to be discharged should equal the "adjusted issue price" of such indebtedness), or the discharge of indebtedness without providing any consideration for such discharge, gives rise to discharge of indebtedness income ("COD income") to the debtor. The amount of consideration paid to a creditor generally equals the amount of cash and the fair market value of other property paid to such creditor.

However, if the debt discharge is granted by the court or pursuant to a plan approved by the court in a case under title 11 of the United States Bankruptcy Code, the COD income realized

from such discharge is excluded from the debtor's gross income. In such a situation, the debtor is required to reduce its tax attributes up to the amount of the excluded COD income in generally the following order: (i) NOL from the year of the discharge and NOL carryforwards, (ii) general business credit carryforwards, (iii) minimum tax credit carryforwards, (iv) capital loss carryforwards, (v) tax basis in the debtor's property (but not below the amount of its liabilities immediately after the discharge), (vi) passive activity loss and credit carryforwards, and (vii) foreign tax credit carryforwards.

In the case of debtors that are members of a consolidated group that files a consolidated U.S. federal income tax return, the tax attributes of each debtor are reduced first (including its tax basis in its assets and the stock of its subsidiaries). In this regard, the Treasury regulations adopt a "look through" rule such that, if the debtor reduces its tax basis in its stock in a member of the consolidated group, corresponding reductions must be made to that member's tax attributes, including such member's tax basis in its assets. To the extent that the amount of excluded COD income exceeds the tax attributes of the debtor member, the Treasury regulations generally require the reduction of certain consolidated tax attributes of all other members of the consolidated group, but do not require the reduction of the tax basis in their assets. The reduction in tax attributes occurs only after the tax for the year in which the discharge of indebtedness occurred has been determined. To the extent that the amount of excluded COD income exceeds the tax attributes available for reduction, the remaining COD income is nevertheless excluded from gross income.

Under the terms of the Plan, all Claims are to be discharged. If the amount of the Claims that will be discharged pursuant to the Plan (in the case of a Claim that constitutes a "debt instrument" for U.S. federal income tax purposes, the amount of such Claim considered to be discharged pursuant to the Plan should equal such Claim's "adjusted issue price") exceeds the cash that will be received in exchange therefor, the Debtors will realize COD income equal to such excess, which would generally be required to be included in the gross income of the Debtors. However, since any such discharge will occur in a case under title 11 of the United States Bankruptcy Code, the Debtors expect to be able to exclude any such realized COD Income from gross income, but the Debtors may be required to reduce certain tax attributes, such as NOL carryovers. Since the amount of any realized COD income depends on the amount of the Claims that will be discharged pursuant to the Plan and the amount of the cash received in exchange therefor, the amount of any such COD income and the corresponding reduction in tax attributes cannot be known with certainty until after the Effective Date.

### B. U.S. Federal Income Tax Consequences to U.S. Holders of Claims or Interests

The following discussion summarizes certain U.S. federal income tax consequences of the transactions contemplated by the Plan to U.S. holders of Claims or Interests who or that hold such Claims or Interests as capital assets within the meaning of Section 1221 of the Internal Revenue Code (generally, assets held for investment purposes). Non-U.S. holders of Claims or Interests should consult their own tax advisors for information that may be relevant based on their particular situations and circumstances regarding the particular tax consequences to them of the transactions contemplated by the Plan. The following discussion is written on the basis that the U.S. holder of a Claim has not taken a bad debt deduction with respect to its indebtedness (or

any portion thereof) in the current or any prior taxable year and such indebtedness did not become completely or partially worthless in a prior taxable year.

For purposes of the following discussion, a "U.S. holder" is a holder of a Claim or Interest who or that is for U.S. federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation, or an entity taxable as a corporation, created or organized in the United States or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons within the meaning of Section 7701(a)(30) of the Internal Revenue Code have the authority to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

**1. U.S. Federal Income Tax Consequences to U.S. Holders of Claims**

As explained below, the U.S. federal income tax consequences to U.S. holders of Claims arising from the receipt of cash pursuant to the Plan will vary depending upon, among other things, if a Claim constitutes a "security" for U.S. federal income tax purposes. Neither the Internal Revenue Code nor the Treasury regulations promulgated thereunder define the term "security." The determination of whether indebtedness constitutes a "security" for U.S. federal income tax purposes depends upon an evaluation of the nature of the indebtedness, but most authorities have held that the length of the term of the indebtedness is an important factor in determining whether such indebtedness is a "security" for U.S. federal income tax purposes. These authorities have indicated that indebtedness with maturities when issued of less than five years are not considered "securities," while indebtedness with maturities when issued of ten years or more are considered "securities." There are numerous other factors that could be taken into account in determining whether indebtedness is a "security," including the security for payment, the creditworthiness of the debtor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the debtor, convertibility of the instrument into an equity interest of the debtor, whether payments of interest are fixed, variable, or contingent, and whether such payment are made on a current basis or accrued. Due to the inherently factual nature of the determination, each U.S. holder of a Claim is urged to consult its own tax advisor regarding whether its Claim is a "security" for U.S. federal income tax purposes.

**C. Information Reporting and Backup Withholding**

Information returns may be filed with the IRS in connection with the transactions contemplated by the Plan. A U.S. holder may be subject to U.S. backup withholding tax on payments made pursuant to the Plan if the U.S. holder fails to provide its taxpayer identification number to the paying agent and comply with certification procedures, or to otherwise establish an exemption from U.S. backup withholding tax.

U.S. backup withholding tax is not an additional tax. The amount of any U.S. backup withholding tax from a payment will generally be allowed as a credit against the U.S. holder's

U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. holders should consult their tax advisors regarding the application of backup withholding and information reporting.

### D. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO U.S. HOLDERS OF CLAIMS OR INTERESTS AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES SUMMARIZED HEREIN ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON EACH U.S. HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING WITH RESPECT TO TAX REPORTING AND RECORD KEEPING REQUIREMENTS.

## ARTICLE XIII
## CONCLUSION

This Disclosure Statement has attempted to provide information regarding the Debtors' bankruptcy estate and the potential benefits that might accrue to holders of Claims against and Interests in the Debtors under the Plan. The Plan is the result of efforts of the Debtors' and their advisors to provide the holders of Allowed Claims and Interests with the highest and best recovery. The Debtors believe that the Plan is feasible and will provide each holder of an Allowed Claim against and Interest in the Debtor with an opportunity to receive greater benefits than those that would be received by termination of the Debtors' businesses and the liquidation of their assets by chapter 7 trustees.

Dated: June 27, 2014

Respectfully submitted,

**Buccaneer Resources, LLC**

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John T. Young, Jr., Chief Restructuring Officer

**Buccaneer Energy Limited**

By: */s/John T. Young Jr.*_____
John T. Young, Jr., Chief Restructuring Officer

**Buccaneer Energy Holdings, Inc.**

By: */s/John T. Young Jr.*
John T. Young, Jr., Chief Restructuring Officer

**Buccaneer Alaska Operations, LLC**

By: */s/John T. Young Jr.*
John T. Young, Jr., Chief Restructuring Officer

**Buccaneer Alaska, LLC**

By: */s/John T. Young Jr.*
John T. Young, Jr., Chief Restructuring Officer

**Kenai Land Ventures, LLC**

By: */s/John T. Young Jr.*
John T. Young, Jr., Chief Restructuring Officer

**Buccaneer Alaska Drilling, LLC**

By: */s/John T. Young Jr.*
John T. Young, Jr., Chief Restructuring Officer

**Buccaneer Royalties, LLC**

By: */s/John T. Young Jr.*
John T. Young, Jr., Chief Restructuring Officer

**Kenai Drilling, LLC**

By: */s/John T. Young Jr.*
John T. Young, Jr., Chief Restructuring Officer

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**ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION**

**Exhibit A**

**Joint Plan of Reorganization of the Debtors and Debtors-in-Possession Under Chapter 11 of the United States Bankruptcy Code**

**Exhibit B**

**Order Approving Disclosure Statement (without exhibits) [Dkt. No. ]**

(to be provided)

**Exhibit C**

**Liquidation Analysis**

(to be provided)