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**

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

Dated: July 25, 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).

TABLE OF CONTENTS

Page

EXHIBITS TO DISCLOSURE STATEMENT

Exhibit A	First Amended Joint Plan of Reorganization of the Debtors and Debtors-in-Possession Under Chapter 11 of the United States Bankruptcy Code
Exhibit B	Order Conditionally Approving Disclosure Statement (without exhibits)
Exhibit C	Liquidation Analysis
Exhibit D	Asset Purchase Agreement

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 First Amended Disclosure Statement Accompanying the First Amended Joint Plan of Reorganization for the Debtors and Debtors-in-Possession under Chapter 11 of the Bankruptcy Code (the "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 First Amended 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 filed an 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 (C) Granting Related Relief seeking approval of the procedures for a sale to the highest bidder of all, or substantially all, of their assets. (the "Bid Procedures Motion") [Dkt. No. 150]. A copy of the Asset Purchase Agreement describing the assets to be sold is attached to this Disclosure Statement as **Exhibit D**. More information regarding the terms of the sale is available by reviewing the Bid Procedures Motion at 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.* The Plan is conditioned on the closing of the sale. **Until the proposed auction and sale occurs, the amount of cash available for distribution will not be known. However, the net proceeds of the sale will be distributed pursuant to the Plan.**

The Plan also contemplates the preservation of all of the Debtors' Causes of Action against third parties and the transfer of those Causes of Action to a Liquidating Trust to be prosecuted for the benefit of creditors. Although the Debtors and the Committee have not completed the investigation of the possible Causes of Action, all such Causes of Action will be preserved and retained by the Debtors and transferred to the Liquidating Trust. Additional information regarding the retained Causes of Action will be provided in the Plan Supplement described below.

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.*

The Committee has requested that the following be included in the Disclosure Statement:

THE COMMITTEE BELIEVES THAT THE DISCLOSURE STATEMENT LACKS ADEQUATE INFORMATION AND CANNOT BE RELIED UPON TO MAKE A FULLY INFORMED DECISION AS TO WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THE PLAN IS CONDITIONED ON THE CLOSING OF A SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS, YET THE DISCLOSURE STATEMENT CONTAINS NO INFORMATION CONCERNING THE TERMS OF SUCH SALE, INCLUDING WITHOUT LIMITATION, THE ASSETS BEING SOLD. NOR CAN THE DISCLOSURE STATEMENT CONTAIN SUCH INFORMATION UNTIL THE AUCTION AND SALE HEARING OCCUR. WITHOUT THIS INFORMATION, RECOVERIES TO CREDITORS UNDER THE PLAN CANNOT BE DETERMINED. THUS, CREDITORS ARE BEING ASKED TO VOTE ON THE PLAN WITHOUT ANY KNOWLEDGE OF WHAT DISTRIBUTIONS, IF ANY, THEY MAY REALIZE UNDER THE PLAN. FURTHERMORE, INVESTIGATIONS CONCERNING ANY CLAIMS AND CAUSES OF ACTION HELD BY THE ESTATES HAVE NOT BEEN COMPLETED. COMPLETION OF THESE INVESTIGATIONS IS NECESSARY TO DETERMINE WHAT CLAIMS AND CAUSES OF ACTION EXIST AND WHAT RECOVERIES MAY BE AVAILABLE FOR DISTRIBUTION TO CREDITORS UNDER THE PLAN. MOREOVER, THE INVESTIGATIONS MUST BE COMPLETED SO THAT ALL CLAIMS AND CAUSES OF ACTION MAY BE PROPERLY PRESERVED UNDER THE PLAN FOR THE LIQUIDATING TRUST TO PURSUE.

THE COMMITTEE EXPRESSLY RESERVES AND PRESERVES ALL RIGHTS TO FILE FURTHER OBJECTIONS TO THE DISCLOSURE STATEMENT AND PLAN, INCLUDING WITHOUT LIMITATION, TO ADD ADDITIONAL CLAIMS AND CAUSES OF ACTION TO BE PRESERVED UNDER THE PLAN FOR THE LIQUIDATING TRUST TO PURSUE. CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT IS WITHOUT PREJUDICE TO THE COMMITTEE'S RIGHT TO RAISE SUCH OBJECTIONS PRIOR TO OR AT ANY HEARINGS ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN.

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 AND 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. CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT IS WITHOUT PREJUDICE TO THE COMMITTEE'S RIGHT TO RAISE ANY OBJECTIONS TO THE DISCLOSURE STATEMENT AND/OR PLAN PRIOR TO OR AT ANY HEARINGS ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN, AND ALL SUCH RIGHTS ARE HEREBY EXPRESSLY RESERVED AND PRESERVED BY THE COMMITTEE.

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.

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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 22, 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 27, 2014 AT 1:00 P.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 22, 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 23, 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, and final approval of the Disclosure Statement will be determined at that time. 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.

The Committee has requested that the following be included in the Disclosure Statement:

CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT IS WITHOUT PREJUDICE TO THE COMMITTEE'S RIGHT TO RAISE ANY OBJECTIONS TO THE DISCLOSURE STATEMENT AND/OR PLAN PRIOR TO OR AT ANY HEARINGS ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN, AND ALL SUCH RIGHTS ARE HEREBY EXPRESSLY RESERVED AND PRESERVED BY THE COMMITTEE.

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 any distributions can be made to creditors absent a court order providing otherwise.

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 collective 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 22, 2014** at 5:00 p.m. **Eastern** Time.

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. A summary of certain risk factors relating to the Plan is set forth below and in Article X of the Disclosure Statement.

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 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, if any, on the assets the 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 and vest in 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 Committee has requested that the following be included in the Disclosure Statement:

> **UPON THE EFFECTIVE DATE, ALL ASSETS NOT SUBJECT TO THE SALE (INCLUDING RETAINED CLAIMS AND CAUSES OF ACTION) WILL BE TRANSFERRED TO A LIQUIDATING TRUST, AND THE LIQUIDATING TRUST WILL BE VESTED WITH AND HAVE THE SOLE AUTHORITY TO, AMONG OTHER THINGS, REVIEW, INITIATE, AND/OR PURSUE ANY AND ALL CLAIMS AND CAUSES OF ACTION (INCLUDING AVOIDANCE ACTIONS), FILE CLAIM OBJECTIONS, AND SET RESERVES, AND THE DEBTORS WILL HAVE NO RESPONSIBILITY OR AUTHORITY TO REVIEW, INITIATE, AND/OR PURSUE ANY AND ALL CLAIMS AND CAUSES OF ACTION (INCLUDING AVOIDANCE ACTIONS). THE LIQUIDATING TRUST, WHICH WILL BE ADMINISTERED BY THE LIQUIDATING TRUSTEE, WILL SERVE PRIMARILY AS THE VEHICLE FOR MAKING THE DISTRIBUTIONS PROVIDED BY THE PLAN.**

The Plan is premised on the substantive consolidation of the Debtors' estates for which the Debtors have sought authority from the Bankruptcy Court by a separate Motion for Substantive Consolidation of Chapter 11 Cases (the "Substantive Consolidation Motion"). [Dkt. No 182]. 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.

The Substantive Consolidation Motion is set for hearing on August 12, 2014 at 9:00 a.m. The Bankruptcy Court's approval of the Debtors' request for substantive consolidation is a condition for the effectiveness of this Plan. **If the Bankruptcy Court does not grant the Debtors' request for substantive consolidation, the Debtors will need to modify the Plan and may need to re-solicit votes on any modified Plan**.

The Committee has requested that the following be included in the Disclosure Statement:

There is no express statutory authority for substantive consolidation. The Bankruptcy Court's ability to approve the substantive consolidation of the Debtors' estates derives from its general equitable powers under Section 105(a) of the Bankruptcy Code, which provides that the Bankruptcy Court may issue orders necessary to carry out the provisions of the Bankruptcy Code. *See In re DRW Property Co. 82*, 54 B.R. 489, 494 (Bankr. N.D. Tex. 1985). Some courts have also found authority for substantive consolidation in Section 1123(a)(5)(C) of the Bankruptcy Code. Section 1123(a)(5)(C) provides, in pertinent part, that "a plan [of reorganization] shall provide adequate means for the plan's implementation, such as—merger or consolidation of the debtor with one or more persons." 11 U.S.C. § 1123(a)(5)(C). There are, however, no statutorily prescribed standards for substantive consolidation. Instead, courts apply certain judicially developed standards to determine the appropriateness of substantive consolidation on a case-by-case basis. *See, e.g., In re Owens Corning*, 419 F.3d 195, 212 (3d Cir. 2005). The Fifth Circuit, in which the Bankruptcy Court sits, has not established a definitive test for substantive consolidation.

The Debtors' proposed substantive consolidation of the estates may adversely affect your rights under the Plan, including any recoveries thereunder. Therefore, creditors should carefully consider the effects that substantive consolidation may have on them when making a decision to vote to accept or reject the Plan.

In the event that the Bankruptcy Court does not approve the substantive consolidation of the Debtors' estates, the voting, confirmation and distribution procedures under the Plan will be affected. In the absence of substantive consolidation of the Debtors' estates, the Plan could be modified pursuant to section 1127 of the Bankruptcy Code to, among other things, divide the Holders of General Unsecured Claims in Classes 3 and 4 into nine (9) subclasses, one for each Debtor against which such General Unsecured Claims have been scheduled or filed, for purposes of voting on the Plan and distributions thereunder. The treatment of General Unsecured Claims under the Plan could be materially affected by this modification.

Counsel for CIRI (defined below) has requested that the following be included in the Disclosure Statement:

As a general matter, almost all substantive consolidations will cause prejudice to some creditors of at least one of the entities to be consolidated. For this reason, courts, particularly in the Fifth Circuit where the Debtors' bankruptcy cases are located, warn

that the power to consolidate is an "extreme" or "drastic" remedy to be used sparingly. Cook Inlet Region Inc. ("CIRI"), has objected to the Substantive Consolidation Motion. [Dkt. No. 250]. The objection disputes the necessity or alleged benefits of the proposed consolidation. CIRI particularly questions the alleged difficulty and expense of segregating the assets and liabilities of each of the Debtors. The objection also questions whether a partial consolidation of only some of the Debtors, or if two or more consolidations of various Debtors, would be more appropriate in this case (for example, if the Debtors' "lower-48" operations were consolidated in one pool and the Alaska operations were consolidated in a separate pool), instead of a single consolidation of all the Debtors. In addition, the objection questions whether the Substantive Consolidation Motion presumes that one or more large creditors (including the creditors "AIX" and "Ezion" referred to below) hold valid claims against all of the Debtors, and whether the Debtors would still propose consolidation if a pending investigation by the Official Committee of Unsecured Creditors results in a challenge to the claim of AIX, the Debtors' largest secured creditor.

The Debtors disagree with CIRI's objection to the Substantive Consolidation Motion and will ask the Bankruptcy Court to overrule it.

ARTICLE III
GENERAL INFORMATION REGARDING THE DEBTORS

A. Overview of the Debtors' Businesses

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

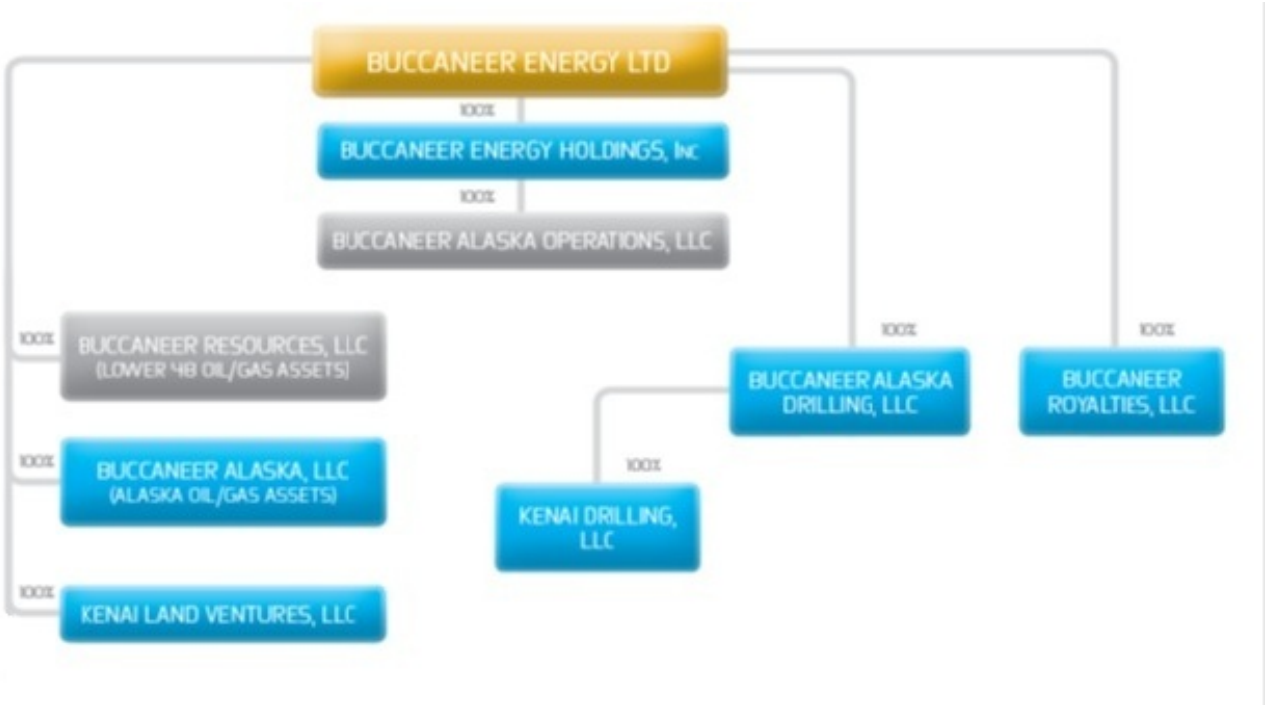
[2] An initial public offering ("IPO") was successfully completed and BCC was listed on the ASX on November 19, 2007. On February 19, 2014, BCC requested and was granted a voluntary suspension of all trading of its securities. Pursuant to that request, trading continues to be suspended.

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.

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

[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.

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.

C. Description of the Debtors' Businesses

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.

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

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 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 with CIRI that is described below in section III.E.2(b). 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

[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. CIRI has asserted that it may be entitled to a portion of the ACES rebates, depending on the outcome of the CIRI Litigation described below in section III.E.2(b).

[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.

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 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

[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.

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 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 $5[3].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.

The Committee has requested that the following be included in the Disclosure Statement:

THE COMMITTEE BELIEVES THAT THE DEBTORS AND THEIR ESTATES HAVE COLORABLE CLAIMS AND CAUSES OF ACTION AGAINST AIX AND MERIDIAN, INCLUDING WITHOUT LIMITATION, CLAIMS AND CAUSES OF ACTION FOR LENDER LIABILITY, AVOIDANCE ACTIONS, TORTIOUS INTERFERENCE, NEGLIGENCE, MISREPRESENTATION, FRAUDULENT INDUCEMENT, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, FRAUD, BREACH OF FIDUCIARY DUTIES,

AND OBJECTIONS TO THE EXTENT, PRIORITY AND VALIDITY OF ANY PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS HELD BY MERIDIAN AND/OR AIX IN OR AGAINST THE DEBTORS AND THEIR ASSETS AND AIX'S RIGHT TO CREDIT BID AT THE AUCTION, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES FROM AIX AND MERIDIAN. THE COMMITTEE AND LIQUIDATING TRUST, AS THE CASE MAY BE, RESERVE THE RIGHT TO SUPPLEMENT THE FOREGOING CLAIMS AND CAUSES OF ACTION ONCE THEIR INVESTIGATION IS COMPLETED, AND ALL SUCH RIGHTS ARE HEREBY EXPRESSLY RESERVED AND PRESERVED BY THE COMMITTEE AND THE LIQUIDATING TRUSTEE. FOR THE AVOIDANCE OF DOUBT, CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT IS WITHOUT PREJUDICE TO THE COMMITTEE'S AND LIQUIDATING TRUST'S, AS APPLICABLE, RIGHT TO SUPPLEMENT THE FOREGOING CLAIMS AND CAUSES OF ACTION BASED ON THE RESULTS OF THEIR INVESTIGATIONS.

ANY AND ALL CLAIMS AND CAUSES OF ACTION THE DEBTORS' ESTATES HAVE OR MAY HAVE AGAINST MERIDIAN AND/OR AIX, INCLUDING ANY AND ALL CLAIMS AND CAUSES OF ACTION ASSERTED BY THE COMMITTEE, ON BEHALF OF THE ESTATES, DURING THE PENDENCY OF THESE CASES, ARE EXPRESSLY RESERVED AND PRESERVED FOR THE LIQUIDATING TRUSTEE, ON BEHALF OF THE LIQUIDATING TRUST, TO PURSUE FOLLOWING THE EFFECTIVE DATE OF THE PLAN AND THE TRANSFER OF ALL SUCH CLAIMS AND CAUSES OF ACTION TO THE LIQUIDATING TRUST. CLAIMS AND CAUSES OF ACTION SPECIFICALLY RESERVED AND PRESERVED HEREUNDER INCLUDE, WITHOUT LIMITATION, CLAIMS AND CAUSES OF ACTION AGAINST AIX AND MERIDIAN FOR LENDER LIABILITY, AVOIDANCE ACTIONS, TORTIOUS INTERFERENCE, NEGLIGENCE, MISREPRESENTATION, FRAUDULENT INDUCEMENT, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, FRAUD, BREACH OF FIDUCIARY DUTIES, OBJECTIONS TO THE EXTENT, PRIORITY AND VALIDITY OF ANY PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS HELD BY MERIDIAN AND/OR AIX IN OR AGAINST THE DEBTORS AND THEIR ASSETS AND AIX'S RIGHT TO CREDIT BID AT THE AUCTION, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES FROM AIX AND MERIDIAN.

Counsel for AIX and for Meridian have requested that the following be included in the Disclosure Statement:

AIX and Meridian do not believe that any claims exist against AIX and Meridian whatsoever, either in law or equity. AIX and Meridian further believe the suggestion by the Committee that such claims do exist is unfounded and seriously misleading.

2. Outstanding Letter 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. The Plan provides that PetroQuest's rights in the letter of credit and Macquarie Bank Limited's rights in the cash cover account will be preserved after the Effective Date.

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 was 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. On June 23, 2014, Spartan drew another $571,295.55 on the letter of credit. Shortly after the Petition Date, the Debtors rejected the Spartan Agreement, Spartan made a final draw against the letter of credit in an amount sufficient to cover the amounts owed, the letter of credit was cancelled and the remaining funds backing the letter of credit were returned to the Debtors. Spartan has agreed to waive any rejection damages Claims it may have against the Debtors' estates.

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.[11] 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.

[11] 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.

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.

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.

Counsel for Archer has requested that the following be included in the Disclosure Statement:

"Archer disputes the Debtors' allegation herein, denies all liability, and will vigorously defend any counterclaims and prosecute its claims for damages against the Debtors and KOV. Archer expressly reserves all rights regarding same."

(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.

CIRI has requested that the following be included in the Disclosure Statement:

As described above, BAK obtained interests in the Kenai Loop field through separate leasing agreements with the MHLT, the State of Alaska, and CIRI. Buccaneer Alaska Operations, LLC ("Buccaneer Operations") caused three wells to be drilled on the MHLT lease, two of which were placed into commercial production. The third well was a dry hole.

Approximately six months after CIRI notified BAK of the termination of the CIRI lease due to BAK's failure to meet certain work commitments, Buccaneer Operations applied to the Alaska Oil and Gas Conservation Commission ("AOGCC") to drill a fourth well. CIRI and the State objected to the application and asserted, among other things, that the proposed well would improperly drain their lands. Buccaneer Operations completed the well before the AOGCC ruled. The AOGCC's order authorized Buccaneer Operations to drill the well, but ruled that BAK could not produce it without first forming a pooling agreement with CIRI, the MHLT and the State. CIRI appealed that portion of the AOGCC's decision allowing the drilling of the fourth well. The appeal is pending and is not part of CIRI's motion for relief from stay.

During the AOGCC hearings regarding the drilling of the fourth well, CIRI became aware that, despite BAK's representations to the contrary, the two Kenai Loop producing wells were draining CIRI lands and that BAK had failed to comply with AOGCC regulations when it began producing the two Kenai Loop wells without a pooling agreement. Accordingly, in October 2013, CIRI filed a petition with the AOGCC requesting that BAK escrow sufficient proceeds from the producing wells to ensure that CIRI received its share of production from them. In hearings on CIRI's petition, BAK admitted that it was draining CIRI and State of Alaska land. On May 22, 2014, the

AOGCC granted CIRI's request and entered an order finding, among other things, that the wells were draining CIRI and State land and directing BAK to deposit all future revenues, less operating expenses, into an escrow account until a production allocation agreement could be reached. The AOGCC also found that a production allocation agreement was necessary to protect correlative rights, and that such an agreement would allow the AOGCC to determine the amounts BAK and MHLT owed the State and CIRI for royalties and production payments and whether CIRI should be accountable for any drilling expenses incurred. That hearing was continued as a result of the bankruptcy filing. CIRI has moved for relief from the stay with respect to the hearing.

On October 9, 2013, CIRI filed a civil lawsuit in the Alaska state court against BAK and its affiliates in part to quiet title and seeking damages for alleged trespass, bad faith trespass without claim of right, conversion, and bad faith conversion of CIRI's Kenai Loop gas ("CIRI's Drainage Claims"). BAK cross-claimed against CIRI to, among other things, quiet title to the CIRI lease. On April 22, 2014, the court granted CIRI's motion for summary judgment in part and denied BAK's cross-motion for summary judgment. The court found that the lease language is "clear and unequivocal" and that there "is no disputed material fact as to whether it has terminated." The court also held that "[t]he [CIRI] lease was no longer in force after January 9, 2013, and may have terminated before that date." BAK asked the court to reconsider its decision, but the court denied BAK's request. The court also denied BAK's motion to dismiss CIRI's Drainage Claims, instead staying the claims pending a decision from the AOGCC. The court expressly stated it has not decided any of CIRI's claims on the merits.

(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] (collectively with subsequent orders regarding the use of case, the "Cash Collateral Order"). The Debtors have continued to use cash collateral with the agreement of AIX Energy, LLC during the case. The hearing on entry of a Final Order Authorizing the Use of Cash Collateral is set for August 1, 2014, at 9:00 a.m. 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 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.[12] 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. **In connection with the Debtors' Bid Procedures Motion, the Committee intends to object to, among other things, AIX's right to credit bid at any sale auction and to serve as the stalking horse bidder.**

On June 27, 2014, the Court approved the Debtors' 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.

The Committee has requested that the following be included in the Disclosure Statement:

WHILE THE DEBTORS HAVE STIPULATED TO THE EXTENT, VALIDITY AND PRIORITY OF AIX'S PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS IN OR AGAINST THE DEBTORS' ASSETS, THE COMMITTEE HAS NOT STIPULATED TO SAME AND INTENDS TO OBJECT TO THE VALIDITY, PRIORITY AND EXTENT OF ANY SUCH CLAIMS, LIENS AND SECURITY INTERESTS ALLEGEDLY HELD BY AIX IN OR AGAINST THE DEBTORS' ASSETS AS WELL AS AIX'S RIGHT TO CREDIT BID AT THE AUCTION. IN ADDITION, THE COMMITTEE ASSERTS THAT THE DEBTORS AND THEIR ESTATES HAVE

[12] The Kenai Loop Assets are affected to the CIRI Litigation described in section III.E.2(b). The assets are being sold subject to the CIRI Litigation and the purchaser will accede to the Debtors' rights and position with regard thereto. The Debtors believe that the Estates will have no ongoing role or stake in the allocation issues in the CIRI Litigation after the sale closes, but CIRI contends that the closing will not resolve all of the pending issues between it and the Debtors, including among other things the determination of the amount of CIRI's claims (if any) against the Debtors; the Debtors' compliance with (or breach of) the AOGCC's escrow order; and the consequences of any breach by the Debtors of the escrow order. In the latter regard, CIRI contends that the terms of the sale agreement do not comply with the requirements of the escrow order and that CIRI will object to the terms of the sale agreement on that basis, among others..

COLORABLE CLAIMS AND CAUSES OF ACTION AGAINST AIX, INCLUDING WITHOUT LIMITATION, LENDER LIABILITY, AVOIDANCE ACTIONS, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, TORTIOUS INTERFERENCE, NEGLIGENCE, FRAUD, MISREPRESENTATION, FRAUDULENT INDUCEMENT, BREACH OF FIDUCIARY DUTIES, ANY OTHER CAUSE OF ACTION RELATED TO THEIR CONTROL OVER THE DEBTORS' OPERATIONS, CHALLENGES TO THE EXTENT, PRIORITY AND VALIDITY OF ANY PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS HELD BY AIX IN OR AGAINST THE DEBTORS AND THEIR ASSETS AND AIX'S RIGHT TO CREDIT BID AT THE AUCTION, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

THE TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS WILL NOT BE KNOWN UNTIL THE AUCTION OCCURS AND THE SALE IS APPROVED BY THE BANKRUPTCY COURT. UNTIL SUCH TIME AS THIS INFORMATION IS FULLY DISCLOSED, POTENTIAL RECOVERIES TO CREDITORS CANNOT BE DETERMINED. IF AIX IS ALLOWED TO CREDIT BID AND THE SALE TO AIX BY CREDIT BID IS APPROVED BY THE BANKRUPTCY COURT, GENERAL UNSECURED CREDITORS MAY RECEIVE NO RECOVERY UNDER THE PLAN. THE COMMITTEE BELIEVES THAT FULL DISCLOSURE OF ALL TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS IS CRITICAL SO THAT CREDITORS CAN MAKE A FULLY INFORMED DECISION ON VOTING TO ACCEPT OR REJECT THE PLAN. MOREOVER, THE PLAN IS CONDITIONED UPON THE CLOSING OF A SALE, AND SHOULD CLOSING NOT OCCUR, THE PLAN WILL NOT GO EFFECTIVE AND DISTRIBUTIONS CONTEMPLATED UNDER THE PLAN WILL NOT BE MADE.

The Debtors do not necessarily agree with the Committee's characterization of the results of an allowed credit bid by AIX but has agreed to include their position on this matter in the Disclosure Statement for creditors' consideration.

With particular reference to the Kenai Loop Assets, which are the subject of the CIRI litigation described above, the Debtors anticipate that the buyer of the Assets will be added as a party to the AOGCC proceeding and that the Liquidating Trust will retain the Debtors' claims and defenses associated with the CIRI litigation. Notwithstanding the foregoing, CIRI is reserving all rights, claims and defenses it has and which may arise in the future in connection with the CIRI litigation against Debtors, buyers or other interested parties.

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. At the final hearing held July 2, 2014, the Australian Court entered a judgment recognizing the US bankruptcy case for BCC as a foreign main proceeding.

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.*

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 with a book value of $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 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.

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

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. Avoidance Actions

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.* 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 subject to avoidance and recovery in a subsequent action by the Liquidating Trustee on behalf of the Liquidating Trust. **UPON THE EFFECTIVE DATE, THE LIQUIDATING TRUSTEE WILL BE VESTED WITH THE SOLE AUTHORITY TO REVIEW, INITIATE, AND/OR PURSUE ANY AND ALL PREFERENCE ACTIONS.**

Under section 548 of the Bankruptcy Code and various state laws, a debtor may avoid as "constructive fraudulent transfers" certain obligations and may recover certain prepetition

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

transfers of property, including the grant of a security interest in property, incurred or made while insolvent to the extent the debtor receives less than fair (or "reasonably equivalent") value for such obligations or 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 analyzed whether certain large claims against multiple Debtors are subject to challenge as constructive fraudulent transfers. The Committee and, after the Effective Date, the Liquidating Trustee will pursue this investigation and analysis.

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 exclusive 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. **UPON THE EFFECTIVE DATE, THE LIQUIDATING TRUSTEE WILL BE VESTED WITH THE SOLE AUTHORITY TO REVIEW, INITIATE, AND/OR PURSUE ANY AND ALL FRAUDULENT TRANSFER ACTIONS.**

UPON THE EFFECTIVE DATE, ALL OF THE DEBTORS' CAUSES OF ACTION, INCLUDING AVOIDANCE ACTIONS WILL BE TRANSFERRED TO AND VEST IN THE LIQUIDATING TRUST, AND THE LIQUIDATING TRUSTEE, ON BEHALF OF THE LIQUIDATING TRUST, WILL BE VESTED WITH THE SOLE AUTHORITY TO REVIEW, INITIATE, AND/OR PURSUE ANY AND ALL AVOIDANCE ACTIONS.

D. Preservation of Claims and Causes of Action

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. Pre-petition, the Debtors purchased two policies of directors' and officers' insurance and are currently analyzing the extent of coverage they may provide.

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 **Exhibit A and/or will be included in the Plan Supplement**.

The Committee has requested that the following be included in the Disclosure Statement:

ALL OF THE DEBTORS' CLAIMS AND CAUSES OF ACTION WILL BE RETAINED UNDER THE PLAN AND TRANSFERRED TO AND VEST IN THE LIQUIDATING TRUST TO BE PROSECUTED EXCLUSIVELY BY THE LIQUIDATING TRUSTEE FOR THE BENEFIT OF CREDITORS.

ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES AS OF THE EFFECTIVE DATE, WHETHER OR NOT PREVIOUSLY ASSERTED, ARE PRESERVED UNDER THE PLAN FOR THE BENEFIT OF THE LIQUIDATING TRUST. THE COMMITTEE AND THE LIQUIDATING TRUST, AS THE CASE MAY BE, EXPRESSLY RESERVE AND PRESERVE ALL RIGHTS TO SUPPLEMENT AT ANY TIME ANY AND ALL RETAINED CLAIMS AND CAUSES OF ACTION DESCRIBED HEREIN BASED ON THE RESULTS OF THEIR INVESTIGATIONS.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST MERIDIAN AND THEIR RESPECTIVE PREDECESSORS, AFFILIATES, SUBSIDIARIES, CURRENT AND FORMER OFFICERS AND DIRECTORS, EMPLOYEES, PARTNERS, AGENTS, COUNSEL (INCLUDING, WITHOUT LIMITATION, MR. PAUL MARCHAND) AND ADVISORS, INCLUDING BUT NOT LIMITED TO, LENDER LIABILITY, AVOIDANCE ACTIONS, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, TORTIOUS INTERFERENCE, NEGLIGENCE, FRAUD, MISREPRESENTATION, FRAUDULENT INDUCEMENT, BREACH OF FIDUCIARY DUTIES, ANY OTHER CAUSE OF ACTION RELATED TO THEIR CONTROL OVER THE DEBTORS' OPERATIONS, CHALLENGES TO THE EXTENT, PRIORITY AND VALIDITY OF ANY PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS HELD BY MERIDIAN IN OR AGAINST THE DEBTORS AND THEIR ASSETS, AND ANY ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

Counsel for Meridian and for its current and former officers and directors, employees, partners, agents, and counsel have requested that the following be included in the Disclosure Statement:

Meridian and its respective predecessors, affiliates, subsidiaries, current and former officers and directors, employees, partners, agents, and counsel (collectively in this paragraph, "Meridian") do not believe that any claims exist against Meridian whatsoever, either in law or equity. Meridian further believes the suggestion by the Committee that such claims do exist is unfounded and seriously misleading.

The Committee's requested language continues:

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST AIX AND ITS RESPECTIVE PREDECESSORS, AFFILIATES, SUBSIDIARIES, CURRENT AND FORMER OFFICERS AND DIRECTORS, EMPLOYEES, PRINCIPALS (INCLUDING WITHOUT LIMITATION MR. FRED TRESCA, MR. RANDY BATES, AND MR. CLAYTON KING), PARTNERS, AGENTS, COUNSEL AND ADVISORS, INCLUDING BUT NOT LIMITED TO, LENDER LIABILITY, AVOIDANCE ACTIONS, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, TORTIOUS INTERFERENCE, NEGLIGENCE,

FRAUD, MISREPRESENTATION, FRAUDULENT INDUCEMENT, BREACH OF FIDUCIARY DUTIES, ANY OTHER CAUSE OF ACTION RELATED TO THEIR CONTROL OVER THE DEBTORS' OPERATIONS, CHALLENGES TO THE EXTENT, PRIORITY AND VALIDITY OF ANY PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS HELD BY AIX IN OR AGAINST THE DEBTORS AND THEIR ASSETS AND AIX'S RIGHT TO CREDIT BID AT THE AUCTION, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

Counsel for AIX and for its current and former officers and directors, employees, partners, agents, and counsel have requested that the following be included in the Disclosure Statement:

AIX and its respective predecessors, affiliates, subsidiaries, current and former officers and directors, employees, partners, agents, and counsel (collectively in this paragraph, "AIX") do not believe that any claims exist against AIX whatsoever, either in law or equity. AIX further believes the suggestion by the Committee that such claims do exist is unfounded and seriously misleading.

The Committee's requested language continues:

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST ALL *FORMER* OFFICERS AND DIRECTORS OF ANY OF THE DEBTORS, INCLUDING BUT NOT LIMITED TO, AVOIDANCE ACTIONS, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, TORTIOUS INTERFERENCE, NEGLIGENCE, FRAUD, MISREPRESENTATION, FRAUDULENT INDUCEMENT, BREACH OF FIDUCIARY DUTIES, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST ALL *CURRENT* OFFICERS AND DIRECTORS OF ANY OF THE DEBTORS (INCLUDING MR. ALAN STEIN, MR. GAVIN WILSON, AND MR. PATRICK O'CONNOR), INCLUDING, BUT NOT LIMITED TO, AVOIDANCE ACTIONS, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, TORTIOUS INTERFERENCE, NEGLIGENCE, FRAUD, MISREPRESENTATION, FRAUDULENT INDUCEMENT, BREACH OF FIDUCIARY DUTIES, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST MR. GAVIN WILSON, MR. ALAN STEIN, AND MR. PATRICK O'CONNOR, EACH IN THEIR INDIVIDUAL CAPACITIES, INCLUDING BUT NOT LIMITED TO, LENDER LIABILITY, AVOIDANCE ACTIONS, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, NEGLIGENCE, TORTIOUS INTERFERENCE, FRAUD,

MISREPRESENTATION, FRAUDULENT INDUCEMENT, BREACH OF FIDUCIARY DUTIES, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST MR. FRED TRESCA, MR. RANDY BATES AND MR. CLAYTON KING, EACH IN THEIR INDIVIDUAL CAPACITIES, INCLUDING BUT NOT LIMITED TO, LENDER LIABILITY, AVOIDANCE ACTIONS, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, FRAUD, MISREPRESENTATION, FRAUDULENT INDUCEMENT, NEGLIGENCE, TORTIOUS INTERFERENCE, BREACH OF FIDUCIARY DUTIES, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

Mr. Tresca, Mr. Bates and Mr. King have requested that the following be included in the Disclosure Statement:

Mr. Fred Tresca, Mr. Bates Randy and Mr. Clayton King do not believe that any claims exist against them whatsoever, either in law or equity. Mr. Fred Tresca, Mr. Bates Randy and Mr. Clayton King further believe the suggestion by the Committee that such claims do exist is unfounded and seriously misleading.

The Committee's requested language continues:

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION ASSERTED OR THAT COULD BE ASSERTED IN ANY ADVERSARY PROCEEDINGS COMMENCED BY THE COMMITTEE AGAINST MERIDIAN AND/OR AIX AND/OR ANY INDIVIDUAL DEFENDANTS OR OTHER ENTITIES NAMED THEREIN, INCLUDING BUT NOT LIMITED TO, LENDER LIABILITY, AVOIDANCE ACTIONS, MISREPRESENTATION, FRAUDULENT INDUCEMENT, RECHARACTERIZATION OF DEBT TO EQUITY, EQUITABLE SUBORDINATION, FRAUD, NEGLIGENCE, TORTIOUS INTERENCE, BREACH OF FIDUCIARY DUTIES, CHALLENGES TO THE EXTENT, PRIORITY AND VALIDITY OF ANY PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS HELD BY AIX AND MERIDIAN IN OR AGAINST THE DEBTORS AND THEIR ASSETS AND AIX'S RIGHT TO CREDIT BID AT THE AUCTION, AND ACTIONS SEEKING AFFIRMATIVE RECOVERIES.

Counsel for Meridian and for AIX have requested that the following be included in the Disclosure Statement:

Meridian and AIX do not believe that any claims exist against Meridian or AIX whatsoever, either in law or equity. Meridian and AIX further believe the suggestion by the Committee that such claims do exist is unfounded and seriously misleading.

The Committee's requested language continues:

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST ARCHER DRILLING, LLC ("ARCHER"), INCLUDING BUT NOT LIMITED TO, (I) NEGLIGENCE, MISREPRESENTATION, FRAUDULENT INDUCEMENT, TORTIOUS INTERFERENCE, AND BREACH OF CONTRACT AND DAMAGES AND LOSS OF INCOME RESULTING THEREFROM AND (II) ANY CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION ASSERTED OR THAT COULD BE ASSERTED IN ANY LITIGATION INVOLVING THE DEBTORS AND ARCHER PENDING IN ANY TEXAS OR ALASKA STATE COURTS, INCLUDING ANY PENDING LAWSUITS FILED BY ARCHER AGAINST ANY OF THE DEBTORS IN HARRIS COUNTY, TEXAS.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST COOK INLET REGION INC. ("CIRI"), INCLUDING BUT NOT LIMITED TO, (I) NEGLIGENCE, TORTIOUS INTERFERENCE, MISREPRESENTATION, FRAUDULENT INDUCEMENT, AND BREACH OF CONTRACT AND DAMAGES AND LOSS OF INCOME THEREFROM AND (II) ANY CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION ASSERTED OR THAT COULD BE ASSERTED IN ANY LITIGATION INVOLVING THE DEBTORS AND CIRI PENDING IN THE ALASKA SUPERIOR COURT OR AN ADMINISTRATIVE PROCEEDING BEFORE THE ALASKA OIL AND GAS CONSERVATION COMMISSION.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST CHRYSTAL CAPITAL PARNERS LLP ("CHRYSTAL"), INCLUDING BUT NOT LIMITED TO, (I) NEGLIGENCE, TORTIOUS INTERFERENCE, MISREPRESENTATION, FRAUDULENT INDUCEMENT, AND BREACH OF CONTRACT AND DAMAGES AND LOSS OF INCOME RESULTING THEREFROM AND (II) ANY CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION ASSERTED OR THAT COULD BE ASSERTED IN ANY LITIGATION INVOLVING THE DEBTORS AND CHRYSTAL PENDING IN THE SUPREME COURT OF NEW SOUTH WALES.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND POTENTIAL CAUSES OF ACTION HELD BY ANY OF THE DEBTORS AND/OR ANY OF THEIR ESTATES, WHETHER OR NOT PREVIOUSLY ASSERTED, AGAINST MR. CURTIS BURTON, INCLUDING BUT NOT LIMITED TO, NEGLIGENCE, TORTIOUS INTERFERENCE, FRAUD, MISREPRESENTATION, FRAUDULENT INDUCEMENT, BREACH OF FIDUCIARY DUTIES, AND BREACH OF CONTRACT AND DAMAGES RESULTING THEREFROM.

THE DEBTORS AND THE LIQUIDATING TRUST ARE RETAINING ALL AVOIDANCE ACTIONS (AS THAT TERM IS DEFINED IN THE PLAN), INCLUDING WITHOUT LIMITATION, (I) FOR ALL PAYMENTS MADE BY THE DEBTORS TO CREDITORS WITHIN 90 DAYS PRIOR TO THE FILING OF THE BANKRUPTCY PETITION, INCLUDING BUT NOT LIMITED TO, ALL PERSONS AND ENTITIES IDENTIFIED IN QUESTION 3(B) OF THE DEBTORS' RESPECTIVE STATEMENTS OF FINANCIAL AFFAIRS FILED IN THE CHAPTER 11 CASES, AND (II) FOR ALL PAYMENTS MADE BY THE DEBTORS TO "INSIDERS" WITHIN ONE YEAR PRIOR TO THE FILING OF THE BANKRUPTCY PETITION, INCLUDING BUT NOT LIMITED TO, THOSE PERSONS AND ENTITIES IDENTIFIED IN QUESTION 3(C) OF THE DEBTORS' RESPECTIVE STATEMENTS OF FINANCIAL AFFAIRS. PARTIES SHOULD CONSULT THE DEBTORS' STATEMENTS OF FIANCIAL AFFAIRS TO DETERMINE WHETHER THEY MAY BE SUBJECT TO ANY AVOIDANCE ACTIONS. IN ADDITION, THE PURPORTED CLAIMS, LIENS AND SECURITY INTERESTS OF AIX MAY BE SUBJECT TO AVOIDANCE UNDER CHAPTER 5 OF THE BANKRUPTCY CODE, INCLUDING AS A FRAUDULENT TRANSFER PURSUANT TO SECTIONS 548 AND 550 OF THE BANKRUPTCY CODE.

Counsel for AIX has requested that the following be included in the Disclosure Statement:

AIX does not believe that any claims exist against AIX whatsoever, either in law or equity. AIX further believes the suggestion by the Committee that such claims do exist is unfounded and seriously misleading.

The Committee's requested language continues:

THE LIQUIDATING TRUST AND THE LIQUIDATING TRUSTEE SHALL CONTINUE TO ANALYZE ALL POTENTIAL CAUSES OF ACTION AND TAKE APPROPRIATE ACTION, INCLUDING BUT NOT LIMITED TO, FILING A LAWSUIT IN THE APPROPRIATE VENUE. BY FILING THIS VERSION OF THE DISCLOSURE STATEMENT AND THE PLAN, THE DEBTORS, THE COMMITTEE AND THE LIQUIDATING TRUST DO NOT WAIVE ANY CLAIMS AND CAUSES OF ACTION THAT MAY EXIST. NOR SHALL CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT PREJUDICE THE COMMITTEE'S AND LIQUIDATING TRUST'S, AS APPLICABLE, RIGHT TO ASSERT ANY CLAIMS AND CAUSES OF ACTION NOT IDENTIFIED HEREIN, AND ALL SUCH CLAIMS AND CAUSES OF ACTION ARE EXPRESSLY RESERVED AND PRESERVED.

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

The Secured Claims in Class 1(a) and 1(b) are further subdivided into subclasses.

Class 1(a), contains two subclasses for the Secured Tax Claims of the City of Kenai, Alaska, Class 1(a)(1), and the State of Alaska, Class 1(a)(2), respectively, and a third subclass, Class 1(a)(3), for any miscellaneous Secured Tax Claims not currently identified by the Debtors. Holders of Allowed Secured Tax Claims will retain their interests in any collateral securing their Allowed Secured Tax Claims and Allowed Secured Tax Claims will receive the treatment described in the chart below.

Class 1(b) contains seven subclasses. The Secured Claims in Classes 1(b)(2) through 1(b)(5) are the Claims of, respectively, the Alaska Mental Health Trust Authority, the Alaska Mental Health Trust Land Office, the Alaska Oil and Gas Conservation Commission, and the State of Alaska Department of Natural Resources which are secured by surety bonds or other similar security. The Secured Claims in Class 1(b)(6) are the Claims of PetroQuest Energy LLC, which is secured by a letter of credit, described above, and Macquarie Bank Limited which issued the letter of credit and which holds a cash deposit of $1.5 million to secure its obligations thereunder. Section 5.1.2.2 of the Plan provides that, the rights of any bank or bonding company holding collateral securing the issuance of a surety bond, letter of credit or other similar security will be preserved under the Plan until the obligation to the Class 1(b)(2)-(6) beneficiary of the surety bond, letter of credit or other similar security is satisfied or terminated in accordance with the terms thereof, and any funds remaining after payment of any claims of such bank or bonding company under or related to the letter of credit, surety bond or similar security will be transferred to the Liquidating Trust to be used as Liquidating Trust Assets in accordance with the Plan. Class 1(b)(7) contains any miscellaneous Secured Claims not currently identified by the Debtors. Class 1(b)(1) contains the Secured Claim of AIX Energy, LLC and, as described in section 5.1.2.1 of the Plan, has been created to provide for the treatment of that Claim if the Debtors waive 11.1(b) of the Plan (the closing of the sale pursuant to the Asset Purchase Agreement) as a condition to the occurrence of the Effective Date of the Plan, in which case the Claims of AIX against the Debtors and the liens asserted by AIX in the Kenai Loop Assets shall be preserved after the Effective Date until they are adjudicated by the Bankruptcy Court. Holders of Class 1(b) Allowed Secured Claims will retain their interests in any collateral securing their Allowed Secured Claims and the Allowed Secured Claim will receive the treatment described in the chart below.

Subordinated Claims, if any, represent Claims that have a priority in payment junior to that provided to General Unsecured Claims under §726(a)(2) of the Bankruptcy Code or that have been subordinated by order of the Bankruptcy Court. The Debtors are not currently aware of Claims that will be classified as Class 4 Subordinated Claims, but to the extent such Claims exist they will be treated in accordance with section 5.4 of the Plan.

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	**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
			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. Unless they have expired by their own terms or have otherwise been dealt with in the Plan or by order of the Bankruptcy Court, letters of credit, certificates of deposit and surety bonds securing obligations of the Debtors shall remain in place after the Effective Date. Creditors whose Claims are secured by a letter of credit, certificate of deposit or surety bond retain their rights in such collateral according to the terms of the agreements and instruments under which they obtained their secured interest. Issuing banks, sureties or bonding companies who hold cash cover accounts or collateral for the issuance of such an instrument shall retain their rights and interests in the cash cover account or collateral they hold securing their own claims under or related to the letter of credit, certificate of deposit or surety bond.	
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.	**Unknown**

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
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(b), 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%**
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	**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
			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.	

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

The Debtors' Plan is conditioned upon the closing of a sale of all or substantially all of the Debtors' assets prior to the Effective Date. The auction of the assets is currently set for August 18, 2014, and closing of the sale is scheduled to occur on or before August 29, 2014. Assuming the sale is approved by the Bankruptcy Court and closing occurs, all entities with liens on the sold assets will be paid, and any net proceeds from the sale will be included in the Debtors' bankruptcy estates for transfer to the Liquidating Trust and will be treated according to the Plan. The Plan proposes the orderly liquidation of the Debtors' assets. All of the assets of the Debtors including any 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 except as otherwise provided in the Plan. The Liquidating Trustee, on behalf of the Liquidating Trust, 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. The Debtors propose that AIX's credit bid serve as the stalking horse credit bid.

The Committee has requested that the following be included in the Disclosure Statement:

THE TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS WILL NOT BE KNOWN UNTIL THE AUCTION OCCURS AND THE SALE IS APPROVED BY THE BANKRUPTCY COURT. UNTIL SUCH TIME AS THIS INFORMATION IS DISCLOSED, POTENTIAL RECOVERIES TO CREDITORS CANNOT BE DETERMINED. IF AIX IS ALLOWED TO CREDIT BID AND THE SALE TO AIX BY CREDIT BID IS APPROVED BY THE BANKRUPTCY COURT, GENERAL UNSECURED CREDITORS MAY RECEIVE NO RECOVERY UNDER THE PLAN. THE COMMITTEE BELIEVES THAT DISCLOSURE OF THE TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS IS CRITICAL TO CREDITORS BEING ABLE TO MAKE A FULLY INFORMED JUDGMENT ON VOTING TO ACCEPT OR REJECT THE PLAN. MOREOVER, THE PLAN IS CONDITIONED UPON THE CLOSING OF A SALE, AND SHOULD CLOSING NOT OCCUR, THE PLAN WILL NOT GO EFFECTIVE AND DISTRIBUTIONS CONTEMPLATED UNDER THE PLAN WILL NOT BE MADE.

The Debtors do not necessarily agree with the Committee's characterization of the results of an allowed credit bid by AIX but has agreed to include their position on this matter in the Disclosure Statement for creditors' consideration.

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. **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).** 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*.

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 Committee shall appoint, in its sole discretion, the Liquidating Trustee of the Liquidating Trust. The Liquidating Trustee will have all the powers of a debtor-in-possession and a trustee appointed under chapter 7 of the Bankruptcy Code and 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 in its sole discretion. The proposed Liquidating Trustee and designated members of the Post-Confirmation Committee 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, without the need to execute any documents or instruments of transfer. **The Liquidating Trust Assets (including without limitation all Avoidance Actions, Claims and Causes of Action, including but not limited to, those Avoidance Actions, Claims and Causes of Action listed identified in Article IV. D hereof, will be reserved, preserved, assigned, transferred and conveyed, as the case may be, to the Liquidating Trust and shall vest free and clear of all liens, claims and encumbrances or interests except to the extent that such liens and claims are retained under the plan.** 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 and 4 and Class 6 Allowed Interests shall be the Beneficiaries of the Liquidating Trust. Upon the liquidation of any remaining assets of the Estates, 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. Upon termination and complete satisfaction of its duties under the Liquidating Trust Agreement, the Liquidating Trustee will be forever discharged and released from all powers, duties, responsibilities, and liabilities pursuant to the Liquidating Trust other than those attributable to the gross negligence or willful misconduct of the Liquidating Trustee.

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. 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' Estates. The Debtors will, if necessary, object to Administrative, Secured, Priority Tax Claims and Priority Non-Tax Claims prior to the

Confirmation Date. **The Liquidating Trustee will have the right through the claim objection process to object to or seek to disallow any Claim for distribution purposes under the Plan.**

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 (i) 120 days after the Effective Date and (ii) 60 days after (a) the applicable Bar Date or (b) entry of a Final Order deeming a late-filed Proof of Claim to be treated as timely filed; *provided, however,* that this deadline may be extended by the Bankruptcy Court upon motion of the Liquidating Trustee, with or without notice or hearing.

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 First Amended Joint Chapter 11 Plan of Reorganization for the Debtors and Debtors-in-Possession, (B) Deadline to Object to Approval of the First Amended Disclosure Statement for the First Amended 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 22, 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 Ballot Processing c/o Epiq Bankruptcy Solutions, LLC FDR Station, P.O. Box 5014 New York, NY 10150-5014	OR	Buccaneer Resources, LLC Ballot Processing c/o Epiq Bankruptcy Solutions, LLC 757 Third Avenue, 3rd Floor 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 (i) 120 days after the Effective Date and (ii) 60 days after (a) the applicable Bar Date or (b) entry of a Final Order deeming a late-filed Proof of Claim to be treated as timely filed; *provided*, *however*, that this deadline may be extended by the Bankruptcy Court upon motion of the Liquidating Trustee, with or without notice or hearing..

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*.

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.

The Committee has requested that the following be included in the Disclosure Statement:

THE COMMITTEE BELIEVES THAT THIS DISCLOSURE STATEMENT LACKS ADEQUATE INFORMATION AND ANY RELIANCE THEREON IS PREMATURE UNTIL SUCH TIME AS (1) ALL TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS, WHICH THE PLAN IS CONDITIONED UPON, ARE KNOWN AND (2) ALL CLAIMS AND CAUSES OF ACTION HELD BY THE DEBTORS AND THEIR ESTATES ARE KNOWN AND CAN BE ADEQUATELY PRESERVED UNDER THE DISCLOSURE STATEMENT AND PLAN FOR THE LIQUIDATING TRUST TO PURSUE.

CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT IS WITHOUT PREJUDICE TO THE COMMITTEE'S RIGHT TO RAISE ANY OBJECTIONS TO THE DISCLOSURE STATEMENT AND/OR PLAN PRIOR TO OR AT ANY HEARINGS ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN, AND ALL SUCH RIGHTS ARE HEREBY EXPRESSLY RESERVED AND PRESERVED BY THE COMMITTEE.

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 27, 2014 at 1:00 p.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 22, 2014, at 5:00 p.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 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 on behalf of the Liquidating Trust, will retain and shall have the exclusive authority to 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 or entity, including without limitation, all Claims and Causes of Action preserved by the debtors and the liquidating trust in Article IV. D hereof.**

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, and 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.

The Committee has requested that the following be included in the Disclosure Statement:

The Committee objects to the release and exculpation provisions set forth herein and the Plan to the extent they would include the Debtors' and Reorganized Debtors' respective directors, officers and employees. The Committee expressly reserves and preserves all rights to object to the release and exculpation provisions set forth herein and the Plan at or prior to Plan confirmation, including in connection with any objections filed by the Committee to final approval of the Disclosure Statement and/or confirmation of 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 and the Committee, 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 under the Plan will be greater than they would receive under a liquidation pursuant to chapter 7 of the Bankruptcy Code.

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 filed 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 be 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 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.

The Committee has requested that the following be included in the Disclosure Statement:

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS THAT ARE IMPAIRED SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH

OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THESE RISK FACTORS ARE MANY, THESE FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS' BUSINESSES, THE PLAN OR THE IMPLEMENTATION OF THE PLAN.

THE COMMITTEE BELIEVES THAT THIS DISCLOSURE STATEMENT LACKS ADEQUATE INFORMATION AND ANY RELIANCE THEREON IS PREMATURE UNTIL SUCH TIME AS (1) ALL TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS, WHICH THE PLAN IS CONDITIONED UPON, ARE KNOWN AND (2) ALL CLAIMS AND CAUSES OF ACTION HELD BY THE DEBTORS AND THEIR ESTATES ARE KNOWN AND CAN BE ADEQUATELY PRESERVED UNDER THE DISCLOSURE STATEMENT AND PLAN FOR THE LIQUIDATING TRUST TO PURSUE.

CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT IS WITHOUT PREJUDICE TO THE COMMITTEE'S RIGHT TO RAISE ANY OBJECTIONS TO THE DISCLOSURE STATEMENT AND/OR PLAN PRIOR TO OR AT ANY HEARINGS ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN, AND ALL SUCH RIGHTS ARE HEREBY EXPRESSLY RESERVED AND PRESERVED BY THE COMMITTEE.

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

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Debtors May Fail to Satisfy the Vote Requirement.

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan of reorganization. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

3. The Debtors May Not Be Able to Secure Confirmation of the Plan.

As discussed above, section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, findings by the bankruptcy court that: (a) such plan does not "unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation were not met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes. Section 1129(b)(1) of the Bankruptcy Code provides that, in the event an impaired class does not vote in favor of a plan, but all other requirements of section 1129(a) are satisfied, the Bankruptcy Court may only confirm such a plan if it "does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the Plan." There can be no assurance, however, that the Bankruptcy Court will find that the Plan satisfies the requirements of section 1129(b)(1) of the Bankruptcy Code.

Confirmation of the Plan is also subject to certain conditions as described in Article XI of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims would receive with respect to their Allowed Claims. The Debtors, subject to the terms and conditions of the Plan, may seek to modify the terms and conditions of the Plan as necessary for confirmation. Any such modifications could result in less favorable treatment of any non-accepting Class, as well as any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

4. Non-Consensual Confirmation of the Plan May Be Necessary.

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents' request if at least one impaired class has accepted the plan (with such

acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such non-consensual confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, in the event that the Voting Class does not accept the Plan, there can be no assurance that the Bankruptcy Court will reach this conclusion.

5. The Debtors May Object to Amount or Classification of a Claim.

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

6. The Effective Date May Not Occur.

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

7. The Proposed Sale, and the Transactions Contemplated Thereby, May Not Be Consummated.

There can be no assurance as to such timing or as to whether the proposed sale of the Debtors' assets, and the transactions contemplated as part of such sale, will become effective. As discussed in Article IX hereof, there are certain material conditions to the occurrence of the Effective Date contemplated by the Plan, including the condition that the sale close, that may not be satisfied if the sale does not close.

8. The Sales Process Contemplated by the Bidding Procedures May Result in Material Alterations to the Plan.

The Debtors are pursuing a sale process under either section 363 of the Bankruptcy Code or the Plan. Any and all qualified bids are permitted, including bids for all or any portion of the Debtors' assets. If the auction generates a winning bid or bids that are not the stalking horse bid (*i.e.*, the credit bid by AIX) or the stalking horse bid is otherwise amended, the Plan may be materially modified. The Committee intends to object to AIX serving as the stalking horse bid, including AIX's right to credit bid at the auction. If the auction does not generate a winning cash bid or bids, there is also a risk that holders of Allowed Claims in Classes 3 and 4 will receive little or no recoveries on

account of their Allowed Claims, in which case, holders of Allowed Classes 6 Interests would receive no distributions under the Plan.

THE TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS WILL NOT BE KNOWN UNTIL THE AUCTION OCCURS AND THE SALE IS APPROVED BY THE BANKRUPTCY COURT. UNTIL SUCH TIME AS THIS INFORMATION IS DISCLOSED, POTENTIAL RECOVERIES TO CREDITORS CANNOT BE DETERMINED. IF AIX IS ALLOWED TO CREDIT BID AND THE SALE TO AIX BY CREDIT BID IS APPROVED BY THE BANKRUPTCY COURT, GENERAL UNSECURED CREDITORS MAY RECEIVE NO RECOVERY UNDER THE PLAN.[15] THE COMMITTEE BELIEVES THAT FULL DISCLOSURE OF ALL TERMS OF ANY SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS IS CRITICAL TO CREDITORS BEING ABLE TO MAKE A FULLY INFORMED JUDGMENT ON VOTING TO ACCEPT OR REJECT THE PLAN. MOREOVER, THE PLAN IS CONDITIONED UPON THE CLOSING OF A SALE, AND SHOULD CLOSING NOT OCCUR, THE PLAN WILL NOT GO EFFECTIVE AND DISTRIBUTIONS CONTEMPLATED UNDER THE PLAN WILL NOT BE MADE.

CIRI has requested that the following be included in the Disclosure Statement:

The Plan presents material risk factors that creditors should understand before voting on the Plan, including without limitation the following matters:

- **The terms of the sale of substantially all of the Debtors' assets have not been determined at this time and no minimum bid amount has been set.**

- **If AIX successfully credit-bids its secured claim for the Debtors' assets, the sale of the Debtors' assets will not generate any funds for the payment of the Debtors' other creditors.**

- **The Debtors have not determined at the time of this Disclosure Statement how the sale of their most valuable asset (their interests in the Kenai Loop area of Alaska) will be affected by the termination of their lease with CIRI.**

- **The Debtors have not determined at the time of this Disclosure Statement and will not have determined at the time of the sale of their assets whether AIX's secured claim is subject to avoidance in whole or in part.**

- **The Plan contemplates that AIX may credit-bid its $58 million secured claim for substantially all of the Debtors' assets, even though the Debtors have not completed an investigation or analysis whether AIX's secured claim is subject to avoidance, and the Plan provides no assurances that the Liquidating Trust**

[15] The Debtors do not necessarily agree with the Committee's characterization of the results of an allowed credit bid by AIX but has agreed to include their position on this matter in the Disclosure Statement for creditors' consideration.

will be able to recover a judgment against AIX if it is later determined that AIX's secured claim was subject to avoidance.

- **The Plan provides for substantive consolidation of all of the Debtors' bankruptcy estates based in part on the Debtors' assumption that AIX and Ezion have valid claims against all of the Debtors, even though the Debtors have not completed an analysis of whether such claims may be subject to avoidance against some or all of the Debtors.**

- **If approved, the substantive consolidation feature of the Plan will almost invariably redistribute assets and liabilities among the various Debtors and their respective creditors, without a substantial explanation as to how creditors of different Debtors are benefited or prejudiced thereby.**

- **If the Bankruptcy Court denies the Debtors' Motion for Substantive Consolidation, the Plan will need to be withdrawn and creditors will be required to vote on a new plan.**

- **The Debtors have not determined how they propose to resolve the pending litigations with CIRI in Alaska, whether the outcome of the litigations may require the Litigation Trust to indemnify or otherwise compensate the purchaser of the Debtors' assets, or whether the costs of the litigations will be borne by the Liquidating Trust.**

The Debtors do not necessarily agree with all of the alleged risk factors described by the Committee and CIRI, but agreed to present them in this Disclosure Statement for creditors' consideration. The Debtors believe that acceptance of the Plan at this time is in the best interest of creditors, notwithstanding the alleged risks summarized above, considering the Debtors' circumstances and available alternatives.

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 Debtors' exclusivity period expires, any party in interest may file its 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: July 25, 2014

Respectfully submitted,

Buccaneer Resources, LLC

By: */s/John T. Young Jr.*_____
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.*_____
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ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

Exhibit A

First Amended 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.]

Exhibit C

Liquidation Analysis

Buccaneer Resources, LLC et al
Liquidation Analysis
In $ 000's

	LOW	HIGH	LOW	HIGH
	CHAPTER 11 PLAN		**CHAPTER 7**	
Assets				
Current Assets				
Cash and Cash Equivalents	$ 250	$ 250	$ -	$ -
Trade AR - Gross			-	-
Net ACES Receivable	-	-	-	-
Total Current Assets	**$ 250**	**$ 250**	**$ -**	**$ -**
O&G Reserves - PV-10 PDP - 6/1/14	-	-	-	-
Total Non-Current Assets	**$ 64**	**$ 96**	**$ 64**	**$ 96**
Causes of Action	500	10,000	500	10,000
Total Sources of Recovery	**$ 814**	**$ 10,346**	**$ 564**	**$ 10,096**
General & Administrative Costs				
Trustee Fees	182	260	-	159
Contingency Legal Fees	225	4,500	225	4,500
Professional Fees	291	356	416	509
SG&A	77	94	49	59
Total Administrative Costs	**$ 775**	**$ 5,210**	**$ 690**	**$ 5,227**
Net Value Available for Recovery	**$ 39**	**$ 5,136**	**$ (126)**	**$ 4,869**

Face Value Debt				
Chapter 11 Administrative Claims	N/A	N/A	$ 1,000	$ 2,000
Secured Debt	N/A	N/A	N/A	N/A
Unsecured	$ 100,000	$ 140,000	$ 100,000	$ 140,000
Recovery				
Chapter 11 Administrative Claims - $	N/A	N/A	$ -	$ 2,000
%	N/A	N/A	*0.0%*	*100.0%*
Secured Debt $	N/A	N/A	N/A	N/A
%	N/A	N/A	N/A	N/A
Unsecured - $	$ 39	$ 5,136	$ -	$ 2,869
%	*0.0%*	*3.7%*	*0.0%*	*2.0%*

Notes & Assumptions

- Assume a commencement date of September 1, 2014
- Assumes either alternative requires 12 months to implement

CHAPTER 11 PLAN

- Assumes the proposed Plan in the Buccaneer Resources, LLC case is confirmed
  - Orderly sale process for assets led by successful credit bid from secured lender
  - Assumes no third party exceeds credit bid with cash offer
  - Assumes existing cash balances go to secured lender with $250,000 carve out contributed to liquidating trust
  - Assumes claims process is administered on consolidated basis allowing for greater efficiency and lower costs
  - Assumes secured lender takes PDP assets subject to any and all CIRI related matters
- No recovery is assumed from either ACES or KL Production receivables as these are assumed to go to the secured lender through a successful credit bid in the proposed Plan. Essentially the same treatment is assumed for these assets in the Chapter 7 alternative with the secured lender assumed to successfully seek and receive lift of stay and undertake a foreclosure against collateral
- The only non-current asset assigned any value is a portion of cash backed, statewide surety bonds held in favor of State of AK. Since the bonds are state wide (although not specfiiced in either secured lender APA or state documentation) it is assumed (a) a majority of the cash will eventually be returned to the estate and (b) some reasonable allocation of the proceeds will take place between the estate and the secured lender
- Trustee fees in the Plan assume approximately 50% of Trustee's time at rate of between $175 - $250 / hr. Trustee fees in the Chapter 7 reflect reasonable compensation as per section 330 not to exceed 25% on the first $5,000, 10% on amounts between $5,000 and $50,000, 5% amounts between $50,000 and $1,000,000, 3% for moneys in excess of $1,000,000
- It is assumed under the Plan that 100% of administrative costs related to the Chapter 11 proceeding are paid through cash collateral prior to Plan implementation but that the Chapter 7 alternative would include between $1 - $2 in chapter 11 administrative costs which would be at the top of the recovery waterfall
- A wide range of gross recovery from causes of action (e.g. litigation, insurance claims, preferences, fraudulent transfers, etc.) is presented. Recoveries could vary significantly upon the liquidating trustee's success in pursuing these actions. Legal fees related to these activities are assumed to be exclusively on a contingency basis at 45%
- Range of unsecured claims has been estimated with the largest single claim related to KOV/Teras contract rejection claims
- Professional fees incurred in the Plan are less than the Chapter 7 alternative due to efficiencies gained through substantive consolidation (e.g. Claim administration would be centralized and not run in parallel for 9 debtors, Trustee would benefit from use of a single law firm, elimination of intercompany claims, etc.)
- Although the Chapter 7 alternative presents $0 cash, it is assumed that some reasonable cash will be provided to the Trustee by the secured lender supported by a reasonable business case to facilitate transition/commencement of the proceeding, wind down of producing assets, etc.
- Assets such as undeveloped reserves, seismic data, prepaid deposits, etc. are not part of the credit bid in the proposed Plan. Presumably the secured lender has not included these items in its bid due to questionable value. These are treated in consistently in the Chapter 7 alternative (i.e. assumed the secured lender does not pursue these in a foreclosure process even though a blanket lien exists)

Exhibit D

Asset Purchase Agreement

PURCHASE AND SALE AGREEMENT

BETWEEN

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

Debtors-in-Possession,

AS SELLERS

AND

AIX ENERGY, LLC

AS PURCHASER

Executed on July 22, 2014

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "**Agreement**"), is executed on July [___], 2014, by and among Buccaneer Resources, LLC, a Texas limited liability company, Buccaneer Energy, Limited, an Australian public limited company, Buccaneer Energy Holdings, Inc., a Delaware corporation, Buccaneer Alaska Operations, LLC, an Alaska limited liability company, Buccaneer Alaska, LLC, a Texas limited liability company, Kenai Land Ventures, LLC, an Alaska limited liability company, Buccaneer Alaska Drilling, LLC, an Alaska limited liability company, Buccaneer Royalties, LLC, a Texas limited liability company, and Kenai Drilling, LLC, an Alaska limited liability company (each a "**Seller**" and collectively, the "**Sellers**"), and AIX Energy, LLC, a Delaware limited liability company ("**Purchaser**"). Each Seller and Purchaser may hereinafter be referred to as a "**Party**" or collectively as the "**Parties**."

RECITALS:

On May 31, 2014 (the "**Petition Date**"), Sellers filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code ("**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas, Victoria Division (the "**Bankruptcy Court**") captioned In re: *BUCCANEER RESOURCES, LLC, et al.*, Chapter 11, Case No. 14-60041 (DRJ) (Jointly Administered) (the "**Bankruptcy Case**");

Each Seller, as debtor and debtor-in-possession, has continued in the possession of such Seller's Assets (defined below) and in the management of its business pursuant to Sections 1107 and 1108 of the Bankruptcy Code; and

Each Seller, subject to Bankruptcy Court approval and the terms and conditions within this Agreement, desires to sell to Purchaser the Assets pursuant to the terms and conditions of this Agreement and Purchaser desires to so purchase and acquire such Assets from Sellers in accordance with Section 105, 363 and 365 of the Bankruptcy Code.

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations, warranties, covenants, conditions and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound by the terms hereof, agree as follows:

ARTICLE 1
PURCHASE AND SALE

Section 1.1 Purchase and Sale.

At the Closing, and upon the terms and subject to the conditions of this Agreement, each Seller agrees to sell and convey to Purchaser and Purchaser agrees to purchase, accept and pay for the Assets. Capitalized terms used herein shall have the meanings ascribed to them in this Agreement as such terms are identified and/or defined in Appendix I attached hereto and made part hereof.

Section 1.2 Assets.

As used herein, the term "**Assets**" means, all of Sellers' right, title, interest and estate, real or personal, recorded or unrecorded, movable or immovable, tangible or intangible, in and to the following, excluding, however, the Excluded Assets:

(a) All of the oil and gas leases; oil, gas and mineral leases; subleases and other leaseholds; carried interests; mineral fee interests; overriding royalty interests (including that certain three and one-half percent (3.5%) overriding royalty interest burdening the properties and interests described on Exhibit A, conveyed by Buccaneer Alaska, LLC, as assignor, to Buccaneer Royalties, LLC, as assignee, pursuant to one or more assignments and subject to any rights and interests of Alaska Industrial Development and Export Authority in such ORRI); reversionary rights, farmout rights (excluding the NCI Farmout); options; and other properties and interests described on Exhibit A, subject to such depth limitations and other limitations and restrictions set forth on Exhibit A or referenced in the instruments that constitute (or are in the chain of title to) the foregoing properties and interests (collectively, the "**Leases**"), together with each and every kind and character of right, title, claim, and interest that Sellers have in and to the Leases, the lands covered by the Leases or the lands pooled, unitized, communitized or consolidated therewith (such lands covered by the Leases or pooled, unitized, communitized or consolidated therewith being hereinafter referred to as the "**Lands**");

(b) All oil, gas, water, or injection wells and salt water disposal wells located on the Lands, whether producing, shut-in, plugged, or abandoned, and including the wells shown on Exhibit A-1 attached hereto (the "**Wells**");

(c) Any pools or units which include any portion of the Lands, Leases or Wells, including those pools or units shown on Exhibit A-1 (the "**Units**"), and including all interest of Sellers in Hydrocarbon production from any such Unit, whether such Unit Hydrocarbon production comes from Wells located on or off of a Lease, and all tenements, hereditaments and appurtenances belonging to the Leases, Lands and Units, such Units together with the pooled Leases, Lands and Wells, or in cases when there is no Unit, the Leases together with the Lands and Wells, being hereinafter referred to collectively as the "**Properties**" and individually as a "**Property**");

(d) All contracts, leases, agreements, instruments, easements, permits, licenses, servitudes, rights-of-way, surface leases and other surface rights appurtenant to the Properties identified on Schedule 1.2(d), which may be supplemented and/or amended no less than five (5) days prior to the entry of the Sale Order (hereinafter collectively referred to as the "**Contracts**"), it being contemplated that any such contracts not identified on Schedule 1.2(d) may be rejected as part of the Sellers' Bankruptcy Case;

(e) All equipment, machinery, fixtures and other tangible personal property and improvements located on the Properties and used or held for use in connection with the operation of the Properties, including any wells, tanks, boilers, buildings, fixtures, injection facilities, saltwater disposal facilities, compression facilities, pumping units and engines, flow lines, pipelines, gathering systems, gas and oil treating facilities, metering and flow equipment, power lines, telephone lines, cellular and telecommunications equipment, on site computer and monitoring equipment, fences, winterization equipment,

all equipment, furniture and fixtures in the Kenai field office associated with operating the Wells or the Property, and other appurtenances, improvements and facilities, but excluding the items expressly identified on Exhibit A-2 (subject to such exclusions, the "**Equipment**");

(f) All Hydrocarbons produced from or attributable to the Properties prior to, on or after the Effective Time; and all inventories of Hydrocarbons produced from or attributable to the Properties that are in storage in tanks or pipelines for any period prior to, on or after the Effective Time; provided that nothing herein shall alter or amend (i) the rights and interests of Cook Inlet Region, Inc. ("CIRI") with respect to any production from the KL 1-1 and KL 1-3 wells or the proceeds of such production, and (2) the rights or obligations of the Sellers, Purchaser, or CIRI with respect to the Alaska Oil and Gas Conservation Commission Conservation Order 691 dated May 22, 2014;

(g) All Imbalances;

(h) All lease files; land files; well files; gas and oil sales contract files; gas processing files; division order files; abstracts; title opinions; land surveys; non-confidential logs; maps; engineering data and reports; and files and all other books, records, data, files, maps and accounting records to the extent related to the Assets, or used or held for use primarily in connection with the maintenance or operation thereof, including any books, records, data, including seismic and geophysical data either in raw or interpreted form and related licenses to software and related work stations to process the data, files, maps and accounting records related to the Properties (the "**Records**");

(i) To the extent assignable without the payment of fees, unless Purchaser agrees to, and does pay such fees, all geologic, geophysical, engineering field studies and other seismic and related technical data and information;

(j) All right, title and interest of Sellers in and to vehicles owned by Sellers and primarily used in connection with the operation of Properties or Equipment;

(k) Accounts, cash, cash collateral, certificates of deposits, restricted cash, credits (including the ACES credits and credits resulting from losses or deductions being converted to cash refunds under state or federal law), tax refunds, refunds of deposits, consents, bonds, transferrable insurance policies related to the Properties and transferrable bonds, letters of credit and guarantees, including but not limited to, those listed on Schedule 1.2(k), but excluding the Excluded Cash; and

(l) Investment property, instruments, chattel paper, patents, copyrights, trademarks, causes of action (only to the extent that such cause of action relates to an Asset acquired by Purchaser under this Agreement, and specifically excluding those causes of action identified in Section 1.3(h)), and other general intangibles, and all products and proceeds thereof.

Section 1.3 Excluded Assets.

Notwithstanding the foregoing, the Assets shall not include, and there is excepted, reserved and excluded from the purchase and sale contemplated hereby (collectively, the "**Excluded Assets**"):

(a) (i) all corporate, partnership, limited liability company, financial, income and franchise tax and legal records of Sellers that relate to Sellers' business generally, (ii) all books, records and files that relate to the Excluded Assets, (iii) those records, files and contracts retained by Sellers pursuant to Section 1.2 and (iv) copies of any other records retained by Sellers pursuant to Section 1.5;

(b) bonds, letters of credit and guarantees retained by Sellers pursuant to Section 12.6;

(c) the items expressly identified on Exhibit A-2;

(d) any asset (whether real or personal) not expressly identified as an Asset pursuant to Section 1.2, including, without, limitation, any contract not specifically included on Schedule 1.2(d);

(e) Sellers' principal office and office lease located at 11200 Westheimer Rd., Suite 900, Houston, Texas 77042, and Sellers' office and office lease located at 1029 W. 3rd Ave., Suite 110, Anchorage, Alaska, 99501 and all owned computers, phones, office supplies, furniture and related personal effects not related to operation of the Properties;

(f) all correspondence, reports, analyses and other documents relating to the transaction contemplated hereby prior to the Effective Time, whether internal, with or produced by other prospective purchasers or third parties in respect of such transaction;

(g) all documents and instruments of Sellers that may be protected by an attorney-client privilege;

(h) except for those causes of action which relate to an Asset acquired by Purchaser under this Agreement, all other causes of action of Sellers, including without limitation: (i) actions under Chapter 5 of the Bankruptcy Code, (ii) commercial tort claims, (iii) the Archer Litigation and (iv) claims against Directors and Officers of the Sellers;

(i) the NCI Farmout; and

(j) cash in the amount of $250,000, plus an additional amount to be determined at closing equivalent to the budgeted but at that time unspent line item for Legal Fees, Professional Fees, and Non-Operating Disbursements as reflected in the budget attached to the Interim Order Authorizing Use of Cash Collateral (Doc. No. 42), as such budget may be amended, supplemented and/or modified either by agreement of the parties or as otherwise ordered by the Court (the "**Professionals' Carve Out**") (collectively, the "**Excluded Cash**").

Section 1.4 Effective Time; Proration of Costs and Revenues; Return of Professionals' Carve Out.

(a) Possession of the Assets shall be transferred from Sellers to Purchaser at the Closing, but certain financial benefits and obligations of the Assets shall be transferred effective as of 7:00 A.M., local time, where the respective Assets are located, on [_____], 2014 (the "**Effective Time**").

(b) Purchaser shall be entitled to all production from or attributable to the Properties arising prior to, on and after the Effective Time (and all products and proceeds attributable thereto), and to all other income, proceeds, receipts and credits earned with respect to the Assets arising prior to, on and after the Effective Time, including, without limitation, any proceeds of production currently held in suspense. As of the Effective Time, Sellers estimate that such revenues attributable to any period of time at or prior to Effective Time are [$_____], as more particularly set forth in Schedule 1.4(b).

(c) All Property Costs incurred in the operation of the Properties after the Petition Date and before the Effective Time shall be borne and paid by Purchaser to the extent that such costs have not been previously paid by Sellers, and all Property Costs incurred in the operation of such Properties from and after the Effective Time shall be borne and paid by the Purchaser. As of the Effective Time, Sellers estimate that the amount of such outstanding and unpaid Property Costs is [$_____], as more particularly set forth in Schedule 1.4(c). As used herein, "**Property Costs**" means (i) all costs attributable to the ownership or operation of the Assets (including costs of insurance and ad valorem, property, severance, production and similar Taxes based upon or measured by the ownership or operation of the Assets or the production of Hydrocarbons therefrom, but excluding any other Taxes), (ii) capital expenditures incurred in the ownership or operation of the Assets in the ordinary course of business, (iii) where applicable, such costs and capital expenditures charged in accordance with the relevant operating agreement, unit agreement, pooling agreement, pre-pooling agreement, pooling order or similar instrument, or if none, charged to the Assets on the same basis as charged on the date of this Agreement, and (iv) overhead costs charged to the Assets under the relevant operating agreement, unit agreement, pooling agreement, pre-pooling agreement, pooling order or similar instrument by unaffiliated third parties, or if none, charged to the Assets on the same basis as charged on the date of this Agreement.

(d) Sellers shall return to the Purchaser any amount of the Professionals' Carve Out that is unused as of the earlier of (i) the effective date of a plan confirmed in the Sellers' Bankruptcy Case, or (ii) the conversion all of the Sellers' Bankruptcy Cases to cases under chapter 7 of the Bankruptcy Code.

Section 1.5 Delivery and Maintenance of Records.

(a) Sellers shall deliver the Records in Sellers' possession or control to Purchaser within ten (10) days following Closing, in the format in which those Records are maintained in the ordinary course of business. Sellers may retain copies of any Records.

(b) Purchaser, its successors or assigns shall preserve the Records for a period of three years after the Closing, or for such longer period (a) as is required by any applicable Law, (b) as is ordered by any Court of competent jurisdiction, or (c) during which there is an ongoing audit or investigation of Sellers, their respective estates, or any successor thereto (collectively, the "Debtor Parties" and each, a "Debtor Party") with respect to such periods. During such three-year period (as may be extended), Purchaser, its successors or assigns shall (x) keep such Records reasonably accessible, including maintaining all computer hardware, software, and applications necessary to access such Records in a usable form, (y) not destroy or dispose of any Records without the prior written consent of the Debtor Parties, who shall include, but not be limited to, any Debtor Party, a chapter 11 trustee, a chapter 7 trustee, or a liquidating trustee, each acting on behalf of any Debtor Party (each, "Control Person"), and (z) permit any Control Person reasonable access to any Record upon request, including making any paper or electronic copies thereof at the respective Debtor Party's expense. Records may be sought under this Section 1.5(b) for any reasonable purpose, including, without limitation, to the extent reasonably required in connection with the administration of the bankruptcy cases of any Debtor Party, any audit, accounting, tax matter, litigation matter, disclosure required by Law, or any other similar needs of any Control Person.

ARTICLE 2
PURCHASE PRICE

Section 2.1 **Purchase Price**. The purchase price for the Assets shall be (a) $58,226,264.71 in the form of a credit against amounts owed by Sellers under the Existing Credit Agreements; (b) Sellers' retention of the Excluded Cash; (c) the Property Costs, and (d) any cure costs associated with Contracts to be assumed by Purchaser as an Asset (the "**Purchase Price**").

Section 2.2 **Adjustments to Purchase Price**. The Purchase Price for the Assets shall not be subject to adjustment. All Imbalances existing as of the Effective Time shall be assigned to Purchaser. Sellers estimate that the amount of such Imbalances as of the Effective Time is [$_____], as more particularly set forth in Schedule 2.2.

ARTICLE 3
SELLERS' TITLE

Section 3.1 **Conveyance**. The conveyance of the Assets to be delivered by Sellers to Purchaser shall be substantially in the form of Exhibit B (the "**Conveyance**") and shall convey such Assets free and clear of all liens and encumbrances pursuant to Section 363 of the Bankruptcy Code.

Section 3.2 **Consents**. Sellers shall use commercially reasonable efforts to identify, with respect to the Assets, holders of any required consents to assignment of any Assets, in addition to those certain required consents set forth on Schedule 3.2. Sellers shall use commercially reasonable efforts to cause such consents to be obtained and delivered prior to Closing; provided, however, to the extent that such consents are not obtained and delivered prior to Closing, the Assets shall be transferred subject to such consents. Purchaser shall cooperate with Sellers in seeking to obtain such consents.

Section 3.3 **ORRI and Production Payments**. AIX ENERGY LLC, a Delaware limited liability company ("**AIX**"), is the current owner and holder of that certain three percent (3%) of 8/8ths overriding royalty interests conveyed pursuant that certain Conveyance of Overriding Royalty Interests dated as of January 25, 2013 (as amended, supplemented, or assigned, the "**ORRI Conveyance**"), between Buccaneer Alaska, LLC, as the assignor, and VPC Fund II, L.P., as assignee, such overriding royalty interest burdening certain Leases, and (ii) that certain three percent (3%) of 8/8ths production payments conveyed pursuant that certain Production Payment Agreement dated as of January 25, 2013 (as amended, supplemented, or assigned, the "**Production Payment Agreement**"), between Buccaneer Alaska, LLC, as the assignor, and VPC Fund II, L.P., as assignee, such production payment burdening certain Leases. Purchaser acknowledges and agrees that the Leases shall be subject to the terms and conditions of the ORRI Conveyance and the Production Payment Agreement, and agrees to make future assignments of overriding royalty interests and take such other actions as may be necessary to fully comply with the terms and conditions of such ORRI Conveyance and such Production Payment Agreement.

ARTICLE 4
INTENTIONALLY OMITTED

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

Section 5.1 **Disclaimers.**

(a) WITH RESPECT TO THE ASSETS AND THE TRANSACTIONS CONTEMPLATED HEREBY (i) SELLERS MAKE NO REPRESENTATIONS OR WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, AND (ii) PURCHASER HAS NOT RELIED UPON, AND SELLERS EXPRESSLY DISCLAIM ALL LIABILITY AND RESPONSIBILITY FOR, ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO PURCHASER OR ANY OF ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, EQUITY OWNERS, CONSULTANTS, REPRESENTATIVES OR ADVISORS (INCLUDING ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO PURCHASER BY ANY EMPLOYEE, AGENT, OFFICER, DIRECTOR, MEMBER, MANAGER, EQUITY OWNER, CONSULTANT, REPRESENTATIVE OR ADVISOR OF ANY SELLER OR ANY OF ITS AFFILIATES). PURCHASER ACKNOWLEDGES AND AGREES THAT IN MAKING ITS DECISION TO ENTER INTO THIS AGREEMENT AND TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED HEREBY, PURCHASER HAS RELIED SOLELY UPON ITS OWN INVESTIGATION AND HAS INSPECTED, OR WAIVED ITS RIGHT TO INSPECT PRIOR TO THE DATE HEREOF, THE PROPERTIES FOR ALL PURPOSES AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE OR DISPOSAL OF HAZARDOUS MATERIALS,

ASBESTOS AND OTHER MAN MADE FIBERS, OR NATURALLY OCCURRING RADIOACTIVE MATERIALS.

(b) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLERS EXPRESSLY DISCLAIM, AND PURCHASER ACKNOWLEDGES AND AGREES THAT IT HAS NOT RELIED UPON, ANY REPRESENTATION OR WARRANTY, STATUTORY, EXPRESS OR IMPLIED, AS TO (i) TITLE TO ANY OF THE ASSETS, (ii) THE CONTENTS, CHARACTER OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, OR ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT, OR ANY GEOLOGICAL OR SEISMIC DATA OR INTERPRETATION, RELATING TO THE ASSETS, (iii) THE QUANTITY, QUALITY OR RECOVERABILITY OF PETROLEUM SUBSTANCES IN OR FROM THE ASSETS, (iv) ANY ESTIMATES OF THE VALUE OF THE ASSETS OR FUTURE REVENUES GENERATED BY THE ASSETS, (v) THE PRODUCTION OF PETROLEUM SUBSTANCES FROM THE ASSETS, (vi) ANY ESTIMATES OF OPERATING COSTS AND CAPITAL REQUIREMENTS FOR ANY WELL, OPERATION, OR PROJECT, (vii) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS, (viii) THE CONTENT, CHARACTER OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, REPORTS, BROCHURES, CHARTS OR STATEMENTS PREPARED BY THIRD PARTIES, (ix) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT, OR (x) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO PURCHASER OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, EQUITY OWNERS, CONSULTANTS, REPRESENTATIVES OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO (AND NO REPRESENTATION OR WARRANTY IS MADE AS TO THE ACCURACY OR COMPLETENESS OF ANY OF THE FOREGOING AND PURCHASER IS NOT RELYING ON ANY SUCH INFORMATION OR OMISSIONS RELATED THERETO). SELLERS FURTHER DISCLAIM ANY REPRESENTATION OR WARRANTY, STATUTORY, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OF ANY EQUIPMENT, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT PURCHASER SHALL BE DEEMED TO BE OBTAINING THE ASSETS, INCLUDING THE EQUIPMENT, IN ITS PRESENT STATUS, CONDITION AND STATE OF REPAIR, “AS IS” AND “WHERE IS” WITH ALL FAULTS AND THAT PURCHASER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS PURCHASER DEEMS APPROPRIATE.

Section 5.2 Purchaser Representations and Warranties.

Purchaser represents and warrants to Sellers as of the date hereof and as of the Closing Date as follows:

(a) *Organization/Good Standing*. Purchaser is a limited liability company duly organized, validly existing, and in good standing under the Laws of Delaware and is qualified to conduct business and is in good standing in all jurisdictions where it conducts business.

(b) *Power and Authorization*. Purchaser has all requisite limited liability company power and authority to enter into and perform this Agreement and the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of Purchaser. This Agreement has been duly executed and delivered on behalf of Purchaser, and at the Closing all documents and instruments required hereunder to be executed and delivered by Purchaser shall be duly executed and delivered. This Agreement constitutes, and such Closing documents and instruments shall constitute, legal, valid, and binding obligations of Purchaser, enforceable against Purchaser in accordance with their terms, except as such enforceability may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium, and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) *No Breach or Violation*. The execution, delivery and performance of this Agreement by Purchaser, and the transactions contemplated hereby, will not (i) violate, conflict with or result in any breach of any provision of Purchaser's certificate of formation or other governing documents, (ii) conflict with, result in a material breach of, constitute a default (or an event that with the lapse of time or notice, or both, would constitute a default) under any agreement or instrument to which Purchaser is a party or by which Purchaser is bound, (iii) violate any material Order applicable to Purchaser, or (iv) materially violate any applicable Law.

(d) *Brokers*. Purchaser has incurred no liability for brokers' or finders' fees in respect of the matters provided for in this Agreement for which Sellers will have any responsibility whatsoever, and any such obligation that might exist shall be the sole obligation of Purchaser.

(e) *Litigation*. There are no legal actions or proceedings pending or, to Purchaser's knowledge, threatened against Purchaser or any of its Affiliates which relate to the transactions contemplated by this Agreement. To Purchaser's knowledge, there is no investigation, inquiry or review pending or threatened by any Governmental Body with respect to Purchaser or any of its Affiliates seeking to prevent the consummation of this Agreement or any other action taken or to be taken in connection herewith.

ARTICLE 6
INTENTIONALLY OMITTED

ARTICLE 7
COVENANTS OF THE PARTIES

Section 7.1 Access.

Between the date of execution of this Agreement and continuing until the earlier of the Closing or the termination of this Agreement, Sellers will give Purchaser and its representatives, at Purchaser's expense and sole risk, reasonable access to Sellers' offices and the Records, including the right to copy the Records at Purchaser's expense, for the sole purpose of conducting an investigation of the Assets, but only to the extent that Sellers may do so without violating any applicable Law or obligations to any third party and to the extent that Sellers have authority to grant such access without breaching any restriction binding on Sellers or Sellers' Affiliates. Such access by Purchaser shall be limited to Sellers' normal business hours, and any weekends and after hours requested by Purchaser that can be reasonably accommodated by Sellers, and Purchaser's investigation shall be conducted in a manner that minimizes interference with the operation of the Assets.

Section 7.2 Government Reviews.

Sellers and Purchaser shall in a timely manner and at Purchaser's expense (a) make all required filings, if any, with and prepare applications to and conduct negotiations with, each governmental agency as to which such filings, applications or negotiations are necessary or appropriate in the consummation of the transactions contemplated hereby, and (b) provide such information as each may reasonably request to make such filings, prepare such applications and conduct such negotiations. Sellers and Purchaser shall cooperate with and use all commercially reasonable efforts to assist the other with respect to such filings, applications and negotiations.

Section 7.3 Operatorship.

Sellers will assist Purchaser in its efforts to succeed as operator of any Wells included in the Assets. Purchaser shall promptly, following Closing (or earlier to the extent provided under Section 12.6), file all appropriate or required forms, permit transfers and declarations or bonds with Governmental Bodies relative to its assumption of operatorship. For all Seller Operated Assets, Sellers shall execute and deliver to Purchaser at the Closing, on forms to be prepared by Purchaser and acceptable to Sellers, and Purchaser shall promptly file after the Closing, the applicable governmental forms and required bonds transferring operatorship of such Assets to Purchaser or its designee.

Section 7.4 Operation of Business.

Except as otherwise consented to in writing by Purchaser, which consent shall not be unreasonably withheld or delayed, until the Closing, Sellers will in compliance with the Bankruptcy Code and orders of the Bankruptcy Court and of the applicable operating agreements and other applicable agreements: (i) operate the Assets in the ordinary course consistent with past practices, (ii) not commit to any single operation, or series of related operations, reasonably anticipated by Sellers to require future capital expenditures by the owner of the Assets in excess of Fifty Thousand Dollars ($50,000) (net to Sellers' interest), (iii) not terminate, materially amend, execute or extend any material agreements affecting the Assets, (iv) will maintain their current insurance coverage on the Assets presently furnished by nonaffiliated third parties in the amounts and of the types presently in force, (v) use commercially reasonable efforts to maintain

in full force and effect all Leases, (vi) maintain all material Governmental Authorizations necessary for the ownership or operation of the Assets, (vii) not transfer, farmout, sell, hypothecate, encumber or otherwise dispose of any material Assets except for sales and dispositions of Hydrocarbon production and Equipment made in the ordinary course of business consistent with past practices and (viii) not commit to do any of the foregoing. Purchaser's approval of any action restricted by this Section 7.4 shall be considered granted within ten (10) days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Sellers' written notice) of Sellers' notice to Purchaser requesting such consent unless Purchaser notifies Sellers to the contrary during that period. In the event of an emergency, Sellers may take such action as a prudent operator would take and shall notify Purchaser of such action promptly thereafter.

Section 7.5 Tax Matters.

(a) Purchaser shall be responsible for all Taxes affecting the ownership or operation of the Assets that are attributable to any period of time after the Petition Date and before the Effective Time to the extent that such Taxes have not been previously paid by Sellers. As of the Effective Time, Sellers estimate that the amount of such outstanding and unpaid Taxes is [$_____], as more particularly set forth in Schedule 7.5(a). Purchaser shall further be responsible for all Taxes affecting the ownership or operation of the Assets that are attributable to any period of time after the Effective Time. Sellers shall handle payment to the appropriate Governmental Body of all Taxes affecting the ownership or operation of the Assets which are required to be paid prior to Closing (and shall file all Tax Returns with respect to such Taxes), and Purchaser shall handle payment to the appropriate Governmental Body of all Taxes affecting the ownership or operation of the Assets which are required to be paid after Closing (and shall file all Tax Returns with respect to such Taxes). Notwithstanding the foregoing, this Section 7.5(a) shall not apply to income, franchise, corporate, business and occupation, business license and similar Taxes, and Tax returns therefor, which shall be borne, paid and filed by the Party responsible for such Taxes under applicable Law. If requested by Purchaser, Sellers shall, to the extent practicable, assist Purchaser with preparation of all ad valorem and property Tax Returns due on or before thirty (30) days after Closing (including any extensions requested).

(b) If Sellers (or an Affiliate, agent, or successor in interest of Sellers) receives a refund of any Taxes (whether by payment, credit offset or otherwise, with any interest thereon, including but not limited to ACES credits, refunds from net operating losses, carry-forward or carry-back losses, the release or refund of withholdings or other taxes returned by a taxing authority or escrow account related to Taxes) covered by Section 7.5(a), such refund shall promptly (but no later than thirty (30) days after receipt) be remitted to Purchaser, including all relevant documentation. Each Party shall cooperate with the other and its Affiliates and agents in order to take all commercially reasonable necessary steps to claim any refund to which it is entitled. Purchaser agrees to notify Sellers within ten (10) days following the discovery of a right to claim and secure receipt of any refund to which Sellers are entitled and upon receipt of any such refund.

(c) Control of any legal or administrative proceedings concerning any Taxes affecting the Assets shall rest with the Party responsible for paying such Taxes, or the Party that is the beneficiary of a refund, under this Section 7.5.

Section 7.6 Suspended Proceeds.

Sellers shall transfer and remit to Purchaser, all monies representing the value or proceeds of production removed or sold from the Properties and held by Sellers at the time of the Closing for accounts from which payment has been suspended, such monies, net of applicable rights of set off or recoupment, being hereinafter called "**Suspended Proceeds**". Purchaser shall be solely responsible for the proper distribution of such Suspended Proceeds to the Person or Persons which or who are entitled to receive payment of the same, all in accordance with the directives and/or orders of the Alaska Oil and Gas Conservation Commission and/or the orders of the Superior Court for the State of Alaska, Third Judicial District at Anchorage, in connection with Case No.: 3AN-13-09911C1, styled *Cook Inlet Region Inc., v. Buccaneer Alaska LLC et al.* Suspended Proceeds specifically include any proceeds from the KL 1-1 and KL 1-3 wells that are subject to Alaska Oil and Gas Conservation Commission Conservation Order 691 dated May 22, 2014.

Section 7.7 Further Assurances.

After Closing, subject to approval of the Bankruptcy Court, to the extent required, Sellers and Purchaser each agree to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other Party for carrying out the purposes of this Agreement or of any document delivered pursuant to this Agreement.

ARTICLE 8
CONDITIONS TO CLOSING

Section 8.1 Conditions of Sellers to Closing.

The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject, at the option of Sellers, to the satisfaction on or prior to Closing of each of the following conditions:

(a) Performance. Purchaser shall have performed and observed, in all material respects, all covenants and agreements to be performed or observed by it under this Agreement prior to or on the Closing Date;

(b) Deliveries. Purchaser shall have delivered to Sellers duly executed counterparts of the Conveyance and the other documents to be delivered by Purchaser under Section 9.3;

(c) Payment. Purchaser shall be ready, willing and able to pay the Closing Payment.

(d) Orders. The Bankruptcy Court shall have entered a Sale Order, and such Order shall be final and non-appealable.

Section 8.2 Conditions of Purchaser to Closing.

The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject, at the option of Purchaser, to the satisfaction on or prior to Closing of each of the following conditions:

(a) Performance. Sellers shall have performed and observed, in all material respects, all covenants and agreements to be performed or observed by them under this Agreement prior to or on the Closing Date;

(b) Deliveries. Sellers shall be ready, willing and able to deliver to Purchaser duly executed counterparts of the Conveyance and the other documents and certificates to be delivered by Sellers under Section 9.2; and

(c) Bankruptcy Conditions.

(i) The Sale Order, in form and substance reasonably satisfactory to the Purchaser, incorporating the terms of this Agreement, shall be in full force and effect and shall not have been reversed, vacated or stayed and shall not have been amended, supplemented or otherwise modified without the prior written consent of the Purchaser (which consent may be withheld in its sole discretion) (i) authorizing and approving the transactions contemplated by this Agreement, including (X) the sale of the Assets free and clear of all liens, claims and encumbrances pursuant to section 363(f) of the Bankruptcy Code other than any liens, claims or encumbrances permitted by this Agreement, and (Y) the assumption and assignment to the Purchaser pursuant to section 365 of the Bankruptcy Code all of the Contracts, (ii) finding that the Purchaser is entitled to the protections afforded under section 363(m) of the Bankruptcy Code and granting such protection to the fullest extent under section 363(m) of the Bankruptcy Code, and (iii) enjoining all persons from asserting any claims which they have, or may have, against any of the Sellers, against the Purchaser (other than any such claims expressly assumed by the Purchaser) based upon successor liability or any other legal theories; and

(ii) A Final Cash Collateral Order must be entered in the Bankruptcy Cases, in form and substance reasonably satisfactory to the Purchaser, incorporating a budget for the use of Cash Collateral that has been approved by the Purchaser in its sole discretion (the "**Final Cash Collateral Order**"). There shall exist no default or event of default under this Agreement or under the Interim Cash Collateral Order or Final Cash Collateral Order, unless any such defaults and/or events of default are waived by AIX, agreed to by the parties, or abrogated by the Court.

ARTICLE 9
CLOSING

Section 9.1 Time and Place of Closing.

(a) Consummation of the purchase and sale transaction as contemplated by this Agreement (the "**Closing**"), shall, unless otherwise agreed to in writing by Purchaser and Sellers or agreed to in writing or directed by the Bankruptcy Court, and subject to the conditions stated in this Agreement, take place at offices of Norton Rose Fulbright, Fulbright Tower, 1301 McKinney, Suite 5100, Houston, Texas 77010-3095 at 9:00 A.M. local time, on (i) August 29, 2014 (the "**Scheduled Closing Date**") or (ii) if all conditions in Article 8 to be satisfied prior to Closing have not yet been satisfied or waived, as soon as thereafter as such conditions have been satisfied or waived, subject to the rights of the Parties under Article 10.

(b) The date on which the Closing occurs is herein referred to as the "**Closing Date**."

Section 9.2 Obligations of Sellers at Closing.

At the Closing, upon the terms and subject to the conditions of this Agreement, Sellers shall deliver or cause to be delivered to Purchaser, among other things, the following:

(a) the Conveyance, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices, duly executed by Sellers;

(b) assignments, on appropriate forms, of state and of federal leases comprising portions of the Assets, duly executed by Sellers;

(c) letters-in-lieu of division or transfer orders covering the Assets that are prepared and provided by Purchaser and reasonably satisfactory to Sellers to reflect the transactions contemplated hereby, duly executed by Sellers;

(d) change of operator forms naming Purchaser or its designee as operator, duly executed by Sellers;

(e) executed statements described in Treasury Regulation §1.1445-2(b)(2) certifying that each Seller is not a foreign person within the meaning of the Code and the Treasury Regulations promulgated thereunder; and

(f) the delivery by Sellers of the Suspended Proceeds (pursuant to Section 7.6).

Section 9.3 Obligations of Purchaser at Closing.

At the Closing, upon the terms and subject to the conditions of this Agreement, Purchaser shall deliver or cause to be delivered to Sellers, among other things, the following:

(a) a wire transfer of the Closing Payment in immediately available funds;

(b) the Conveyance, duly executed by Purchaser;

(c) assignments, on appropriate forms, of state and of federal leases comprising portions of the Assets, duly executed by Purchaser;

(d) letters-in-lieu of division or transfer orders covering the Assets duly executed by Purchaser; and

(e) change of operator forms naming Purchaser as operator, duly executed by Purchaser.

Section 9.4 Closing Payment.

(a) The $250,000.00 cash portion of the Purchase Price shall constitute the dollar amount to be paid by Purchaser to Sellers at the Closing (the "**Closing Payment**").

(b) All payments made or to be made hereunder to Sellers shall be by electronic transfer of immediately available funds to the account of Sellers pursuant to the wiring instructions separately provided in writing.

ARTICLE 10
TERMINATION

Section 10.1 Termination.

Subject to Section 10.2, this Agreement shall be terminated: (i) at any time prior to Closing by the mutual prior written consent of Sellers and Purchaser; (ii) by Sellers or Purchaser if Closing has not occurred on or before August 29, 2014 (the "**Termination Date**") *provided* that the failure to Close is not due, *inter alia*, to any breach by the Party attempting to terminate this Agreement of any of its representations, warranties, covenants or other obligations contained in this Agreement; (iii) by Purchaser if any condition set forth in Section 8.2 has not been satisfied or waived on the Scheduled Closing Date; (iv) by Sellers if any condition set forth in Section 8.1 has not been satisfied or waived on the Scheduled Closing Date; (v) by Sellers or Purchaser if, incident to the Bidding Procedures Order, Sellers accept and close on a competing bid for the purchase of all or part of the Assets; (vi) by Sellers or Purchaser if the Sale Order is not entered by the Bankruptcy Court by August 26, 2014; (vii) by Purchaser if any of the Sellers' chapter 11 cases are dismissed or converted to chapter 7; (viii) by Purchaser if a chapter 11 trustee or examiner with expanded powers or other person with expanded powers is appointed in any of Sellers' chapter 11 cases; or (ix) by Purchaser if the Bankruptcy Court grants relief from the automatic stay to permit foreclosure or the exercise of other remedies on the Assets of any Seller; provided, however, that termination under this Section 10.1 shall not be effective until the Party electing to terminate has delivered written notice to the other Party of its election to so terminate; nor shall termination under Section 10.1 (ix) be effective with respect to any relief from automatic stay sought or obtained by or in conjunction with CIRI or the CIRI litigation.

Section 10.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 10.1, except as set forth in this Section 10.2, this Agreement shall become void and of no further force or effect (except for the

provisions of Sections 12.2, 12.4, 12.7, 12.8, 12.9, 12.11, 12.12, 12.13, 12.14, 12.15, 12.16, 12.17, 12.18 and 12.19).

ARTICLE 11
POST-CLOSING OBLIGATIONS; DISCLAIMERS AND WAIVERS

Section 11.1 Receipts.

Except as otherwise provided in this Agreement, any production from or attributable to the Assets (and all products and proceeds attributable thereto) and all other income, proceeds, receipts and credits earned with respect to the Assets to which Purchaser is entitled under Section 1.4 shall be the sole property and entitlement of Purchaser, and, to the extent received by Sellers, Sellers shall fully disclose, account for and remit the same to Purchaser within thirty (30) days.

Section 11.2 Recording.

As soon as practicable after Closing, Purchaser shall record the Conveyances in the appropriate counties as well as the appropriate Governmental Bodies and file change of operator notices with the appropriate Governmental Bodies and provide Sellers with copies of all recorded or approved instruments.

Section 11.3 Assumption of Contracts.

The sale of the Assets is and will be made subject to the Contracts and any applicable governmental rules and regulations related to the ownership and operation of the Properties and to which the Properties are presently subject. Purchaser shall assume and be responsible for all obligations accruing under the Contracts arising prior to, on or after the Effective Time.

ARTICLE 12
MISCELLANEOUS

Section 12.1 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement. Delivery of an executed counterpart signature page by facsimile or electronic transmittal (e.g., in PDF format) is as effective as executing and delivering this Agreement in the presence of other parties to this Agreement.

Section 12.2 Notice.

Any notice provided or permitted to be given under this Agreement shall be in writing, and may be served by personal delivery, by registered or certified U.S. mail, addressed to the Party to be notified, postage prepaid, return receipt requested, by facsimile, or by overnight air courier sent, in each case, to the appropriate address or number as follows:

If to Sellers: c/o Conway MacKenzie, Inc.

1301 McKinney St.
Suite 2025
Houston, Texas 77010
Attention: John Y. Young, Jr.,
Chief Restructuring Office
Fax: 713-650-0502

With a copy to (which shall not constitute notice):

Norton Rose Fulbright
Fulbright Tower
1301 McKinney
Suite 5100
Houston, Texas 77010-3095
Attention: William R. Greendyke
Fax: 713-651-5246

If to Purchaser: AIX Energy, LLC
2441 High Timbers, Ste. 120
The Woodlands, TX 77380
Attention: Fred Tresca
Fax: 832-585-0133

With a copy to (which shall not constitute notice):

Porter Hedges LLP
Attn: Joshua Wolfshohl
1000 Main Street, 36th Floor
Houston, Texas 77002
Fax: 713-226-6231

Either Party may change its address for notice by notice to the other in the manner set forth above. All such notices and communications shall be deemed to have been received: if personally delivered, at the time delivered by hand; if so mailed, three (3) Business Days after being deposited in the mail; if faxed, upon confirmation of receipt if the confirmation is between 9:00 a.m. and 5:00 p.m. local time of the recipient on a Business Day, otherwise on the first Business Day following confirmation of receipt, and, if sent by overnight air courier, on the next Business Day after timely delivery to the courier.

Section 12.3 Sales or Use Tax Recording Fees and Similar Taxes and Fees.

Purchaser shall bear and pay any sales, use, excise, real property transfer, gross receipts, goods and services, registration, capital, documentary, stamp or transfer Taxes, recording fees and similar Taxes and fees incurred and imposed upon, or with respect to, the property transfers or other transactions contemplated hereby. If such transfers or transactions are exempt from any such Taxes or fees upon the filing of an appropriate certificate or other evidence of exemption, Purchaser will timely furnish to Sellers such certificate or evidence.

Section 12.4 Expenses.

Except as provided in Section 12.3, all expenses incurred by Sellers in connection with or related to the authorization, preparation or execution of this Agreement, the Conveyance delivered hereunder and the Exhibits and Schedules hereto and thereto, and all other matters related to the Closing, including all fees and expenses of counsel, accountants and financial advisers employed by Sellers, shall be borne solely and entirely by Sellers, and all such expenses incurred by Purchaser shall be borne solely and entirely by Purchaser.

Section 12.5 Change of Name.

Unless otherwise authorized by Sellers in writing, as promptly as practicable, but in any case within thirty (30) days after the Closing Date, Purchaser shall eliminate the names ["_____"], and any derivatives or variants thereof from the Assets acquired pursuant to this Agreement and, except with respect to such grace period for eliminating existing usage, shall have no right to use any logos, trademarks or trade names belonging to Sellers or any of its Affiliates.

Section 12.6 Replacement of Bonds, Letters of Credit and Guarantees.

To the extent transferable, the bonds, letters of credit and guarantees, if any, posted by Sellers with Governmental Bodies or other parties and relating to the Assets are to be transferred to Purchaser. To the extent that such bonds, letters of credit and guarantees are not transferable, on, before or after Closing, Purchaser shall obtain, or cause to be obtained in the name of Purchaser, replacements for such bonds, letters of credit and guarantees to consummate the transactions contemplated by this Agreement. Purchaser may also provide evidence that such replacements are not necessary as a result of existing bonds, letters of credit or guarantees that Purchaser has previously posted as long as such existing bonds, letters of credit or guarantees are adequate to secure the release of those posted by Sellers.

Section 12.7 GOVERNING LAW AND VENUE.

THIS AGREEMENT AND THE LEGAL RELATIONS AMONG THE PARTIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THAT WOULD DIRECT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION. THE VENUE FOR ANY ACTION BROUGHT UNDER THIS AGREEMENT SHALL BE HARRIS COUNTY, TEXAS. ALL ACTIONS OR PROCEEDINGS WITH RESPECT TO, ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH, OUT OF, RELATED TO, OR FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE EXCLUSIVELY LITIGATED IN THE BANKRUPTCY COURT.

Section 12.8 JURISDICTION; WAIVER OF JURY TRIAL.

EACH PARTY CONSENTS TO PERSONAL JURISDICTION IN ANY ACTION BROUGHT IN THE UNITED STATES FEDERAL COURTS AND BANKRUPTCY COURT LOCATED WITHIN HARRIS COUNTY, TEXAS WITH RESPECT TO ANY DISPUTE,

CLAIM OR CONTROVERSY ARISING OUT OF OR IN RELATION TO OR IN CONNECTION WITH THIS AGREEMENT, AND EACH OF THE PARTIES AGREES THAT ANY ACTION INSTITUTED BY IT AGAINST THE OTHER WITH RESPECT TO ANY SUCH DISPUTE, CONTROVERSY OR CLAIM WILL BE INSTITUTED EXCLUSIVELY IN THE UNITED STATES BANKRUPTCY OR DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, VICTORIA DIVISION. THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF OR IN RELATION TO OR IN CONNECTION WITH THIS AGREEMENT.

Section 12.9 Captions.

The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 12.10 Waivers.

Any failure by any Party or Parties to comply with any of its or their obligations, agreements or conditions herein contained may be waived in writing, but not in any other manner, by the Party or Parties to whom such compliance is owed. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

Section 12.11 Assignment.

No Party shall assign all or any part of this Agreement, nor shall any Party assign or delegate any of its rights or duties hereunder, without the prior written consent of the other Party and any assignment or delegation made without such consent shall be void.

Section 12.12 Entire Agreement.

This Agreement and the documents to be executed hereunder and the Exhibits and Schedules attached hereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof.

Section 12.13 Amendment.

(a) This Agreement may be amended or modified only by an agreement in writing executed by Sellers, on the one hand, and the Purchaser, on the other hand.

(b) No waiver of any right under this Agreement shall be binding unless executed in writing by the party to be bound thereby.

Section 12.14 No Third-Party Beneficiaries.

Nothing in this Agreement shall entitle any Person other than Purchaser and Sellers to any claims, cause of action, remedy or right of any kind.

Section 12.15 Invalid Provisions.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future Laws effective during the term hereof, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be effected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

Section 12.16 References.

In this Agreement:

(a) References to any gender includes a reference to all other genders;

(b) References to the singular includes the plural, and vice versa;

(c) Reference to any Article or Section means an Article or Section of this Agreement;

(d) Reference to any Exhibit or Schedule means an Exhibit or Schedule to this Agreement, all of which are incorporated into and made a part of this Agreement;

(e) Unless expressly provided to the contrary, “hereunder,” “hereof,” “herein” and words of similar import are references to this Agreement as a whole and not any particular Section or other provision of this Agreement;

(f) “Include” and “including” shall mean include or including without limiting the generality of the description preceding such term;

(g) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Terms defined in the singular have the corresponding meanings in the plural, and vice versa. Unless the context of this Agreement clearly requires otherwise, words importing the masculine gender shall include the feminine and neutral genders and vice versa;

(h) The term “cost” includes expense and the term “expense” includes cost. All references to “dollars” or “$” shall be deemed references to United States dollars;

(i) The words “shall” and “will” are used interchangeably and have the same meaning. The word “or” will have the inclusive meaning represented by the phrase “and/or” unless the context requires otherwise;

(j) The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement;

(k) Any event hereunder requiring the payment of cash or cash equivalents and any action to be taken hereunder on a day that is not a Business Day shall be deferred until the first Business Day occurring after such day;

(l) Each exhibit and schedule to this Agreement is a part of this Agreement, but if there is any conflict or inconsistency between the main body of this Agreement and any exhibit or schedule, the provisions of the main body of this Agreement shall prevail; and

(m) Time periods within or following which any payment is to be made or an act is to be done shall be calculated by excluding the day on which the time period commences and including the day on which the time period ends and by extending the period to the next Business Day following if the last day of the time period is not a Business Day.

Section 12.17 Construction.

Sellers and Purchaser has had substantial input into the drafting and preparation of this Agreement and has had the opportunity to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby. This Agreement is the result of arm's-length negotiations from equal bargaining positions.

Section 12.18 Limitation on Damages.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NONE OF PURCHASER, SELLERS OR ANY OF THEIR RESPECTIVE AFFILIATES SHALL BE ENTITLED TO EITHER PUNITIVE, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND EACH OF PURCHASER AND EACH SELLERS, FOR THEMSELVES AND ON BEHALF OF THEIR AFFILIATES, HEREBY EXPRESSLY WAIVES ANY RIGHT TO PUNITIVE, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, EXCEPT TO THE EXTENT SELLERS OR PURCHASER IS REQUIRED TO PAY PUNITIVE, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES TO A THIRD PARTY.

Section 12.19 DTPA Waiver.

To the extent applicable to the Assets or any portion thereof, Purchaser hereby waives the provisions of the Texas Deceptive Trade Practices Act, Chapter 17, Subchapter E, Sections 17.41 through 17.63 inclusive (other than Section 17.555 which is not waived), Tex. Bus. & Com. Code. In order to evidence its ability to grant such waiver, Purchaser hereby expressly recognizes and represents to Sellers that Purchaser is not in a significantly disparate bargaining position and (i) Purchaser is represented by legal counsel in this transaction or (ii) Purchaser is in the business

of seeking or acquiring, by purchase or lease, goods or services for commercial or business use, will have as of the Closing assets of Twenty Million Dollars or more according to its most recent financial statement prepared in accordance with generally accepted accounting principles, and has knowledge and experience in financial and business matters that enable it to evaluate the merits and risks of the transaction contemplated hereby.

Section 12.20 Binding Effect.

This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto, and their respective successors and assigns, subject only to approval of the Bankruptcy Court.

[Signature Page Follows]

IN WITNESS WHEREOF, this Purchase and Sale Agreement has been signed by each of the parties hereto on the date first above written.

SELLERS

BUCCANEER RESOURCES, LLC

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

BUCCANEER ENERGY, LIMITED

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

BUCCANEER ENERGY HOLDINGS, INC.

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

BUCCANEER ALASKA OPERATIONS, LLC

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

BUCCANEER ALASKA, LLC,

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

KENAI LAND VENTURES, LLC

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

BUCCANEER ALASKA DRILLING, LLC

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

BUCCANEER ROYALTIES, LLC

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

KENAI DRILLING, LLC

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

PURCHASER

AIX ENERGY, LLC

By: */s/ Fred M. Tresca*
Name: Fred M. Tresca
Title: Manager

APPENDICES, EXHIBITS AND SCHEDULES

Appendix I	Definitions
Exhibit A	Leases
Exhibit A-1	Units, Wells and Personal Property
Exhibit A-2	Excluded Equipment
Exhibit B	Conveyance
Schedule 1.2(d)	Contracts
Schedule 1.2(k)	Accounts, Credits, and Bonds
Schedule 1.4(b)	Estimate of Revenues
Schedule 1.4(c)	Estimate of Property Costs
Schedule 2.2	Estimate of Imbalances
Schedule 3.2	Consents
Schedule 7.5(a)	Estimate of Taxes

APPENDIX I

Definitions

"**Affiliates**" with respect to any Person, means any Person that directly or indirectly controls, is controlled by or is under common control with such Person.

"**Agreement**" has the meaning set forth in the first paragraph of this Agreement.

"**AIX**" has the meaning set forth in Section 3.3.

"**Archer Litigation**" means that certain case styled *Archer Drilling, LLC and Rig Inspection Services (US), LLC v. Buccaneer Energy, Ltd, Buccaneer Alaska Drilling, LLC, Buccaneer Resources, LLC, Kenai Drilling, LLC and Kenai Offshore Ventures, LLC*, Cause No. 2012-74323, 165th Judicial District, Harris County, Texas.

"**Assets**" has the meaning set forth in Section 1.2.

"**Bankruptcy Case**" has the meaning set forth in the Recital.

"**Bankruptcy Code**" has the meaning set forth in the Recital.

"**Bankruptcy Court**" has the meaning set forth in the Recital.

"**Business Day**" means each calendar day except Saturdays, Sundays, and any other day on which commercial banks in Houston, Texas are authorized or required by Law to close.

"**Closing**" has the meaning set forth in Section 9.1(a).

"**Closing Date**" has the meaning set forth in Section 9.1(b).

"**Closing Payment**" has the meaning set forth in Section 9.4(a).

"**Contracts**" has the meaning set forth in Section 1.2(d).

"**Conveyance**" has the meaning set forth in Section 3.1.

"**COPAS**" has the meaning set forth in Section 1.4(b).

"**Effective Time**" has the meaning set forth in Section 1.4

"**Equipment**" has the meaning set forth in Section 1.2(f).

"**Excluded Assets**" has the meaning set forth in Section 1.3.

"**Existing Credit Agreements**" means that certain Amended and Restated Financing Agreement dated January 24, 2014 by and among Buccaneer Alaska, LLC, Buccaneer Resources, LLC, Buccaneer Alaska Operations, LLC, Buccaneer Cosmopolitan, LLC, Kenai Drilling, LLC, Buccaneer Alaska Drilling, LLC, and Kenai Land Ventures, LLC, as Borrowers,

Buccaneer Energy Limited and Buccaneer Energy Holdings, Inc., as Guarantors, the Lenders and Holder identified therein, and Meridian Capital CIS Fund, as Administrative Agent and Collateral Agent for the Lenders and the Holders, and all related documents, including by not limited to, the Senior Secured Term Note dated January 24, 2014 in the principal amount of $60,719,497.98 and the Senior Secured Revolver Note date January 24, 2014 in the principal amount of $6,713,242.74, as assigned to Purchaser by Meridian Capital CIS Fund pursuant to, among other documents, that certain Assignment of Financing Agreement, Notes, Liens, and Security Interests, and Other Rights and that certain Assignment of Overriding Royalty Interests and Production Payments.

"**GAAP**" means United States generally accepted accounting principles.

"**Governmental Authorization**" means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power; and any court or governmental tribunal having or asserting jurisdiction.

"**Governmental Body**" means any federal, state, local, municipal, or other governments; any governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

"**Hydrocarbons**" means oil, gas, condensate and other gaseous and liquid hydrocarbons or any combination thereof, including scrubber liquid inventory and ethane, propane, isobutene, nor-butane and gasoline inventories (including tank bottoms), and sulphur and other minerals extracted from or produced from the foregoing hydrocarbons.

"**Imbalance**" means any over-production, under-production, over-delivery, under-delivery or similar imbalance of Hydrocarbons produced from or allocated to the Assets, regardless of whether such imbalance arises at the platform, wellhead, pipeline, gathering system, transportation system, processing plant or other location.

"**Lands**" has the meaning set forth in Section 1.2(a).

"**Laws**" means all applicable statutes, rules, regulations, ordinances, orders, and codes of Governmental Bodies.

"**Leases**" has the meaning set forth in Section 1.2(a).

"**NCI Farmout**" means that certain North Cook Inlet Deep Farmout Agreement and First Amendment thereto, both dated effective April 15, 2013, among ConocoPhillips Alaska, Inc. and ConocoPhillips Company, as Farmors, and Buccaneer Alaska, LLC, as Farmee.

"**ORRI Conveyance**" has the meaning set forth in Section 3.3.

"**Party**" and "**Parties**" have the meanings set forth in the first paragraph of this Agreement.

"**Person**" means any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, government or agency or subdivision thereof or any other entity.

"**Production Payment Agreement**" has the meaning set forth in Section 3.3.

"**Properties**" and "**Property**" have the meanings set forth in Section 1.2(c).

"**Property Costs**" has the meaning set forth in Section 1.4(c).

"**Purchase Price**" has the meaning set forth in Section 2.1.

"**Purchaser**" has the meaning set forth in the first paragraph of this Agreement.

"**Records**" has the meaning set forth in Section 1.2(i).

"Sale Order" is an order of the Bankruptcy Court, acceptable to Sellers and Purchaser, entered pursuant to sections 105, 363, and 365 of the Bankruptcy Code (i) approving this Agreement and the transactions contemplated hereby; (ii) approving the sale and transfer of the Assets to Purchaser free and clear of all liens, claims and interests, pursuant to section 363(f) of the Bankruptcy Code, (iii) approving the assumption and assignment to Purchaser of the assigned Contracts; (iv) finding that Purchaser is a good-faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code; (v) finding that due and adequate notice of the Sale Motion and an opportunity to be heard were provided to all Persons entitled thereto, including but not limited to federal, state and local taxing and regulatory authorities; (vi) confirming that Purchaser is acquiring the Assets free and clear of all liabilities, other than the Assumed Liabilities; and (vii) providing that the provisions of Federal Rules of Bankruptcy Procedure 6004(h) and 6006(d) are waived and there will be no stay of execution of the Sale Order under Rule 62(a) of the Federal Rules of Civil Procedure.

"**Scheduled Closing Date**" has the meaning set forth in Section 9.1(a).

"**Seller**" and "**Sellers**" has the meaning set forth in the first paragraph of this Agreement.

"**Seller Operated Assets**" shall mean Assets operated by any Seller or its Affiliates.

"**Suspended Proceeds**" has the meaning set forth in Section 7.6.

"**Tax Returns**" means all reports, returns, statements (including estimated reports, returns, or statements), and other similar filings.

"**Taxes**" means all federal, state, local, and foreign income, profits, franchise, sales, use, ad valorem, property, severance, production, excise, stamp, documentary, real property transfer or gain, gross receipts, goods and services, registration, capital, transfer, or withholding Taxes or other governmental fees or charges imposed by any taxing authority, including any interest, penalties or additional amounts which may be imposed with respect thereto.

"**Termination Date**" has the meaning set forth in Section 10.1.

"**Units**" has the meaning set forth in Section 1.2(c).

"**Wells**" has the meaning set forth in Section 1.2(b).

EXHIBIT A

LEASES

Alaska Department of Land Number: MHT9300082
Kenai Recording District Number: 2011-002227-0
Lands Covered: Township 5 N, Range 12 W, Seward Meridian:

Section 1, Lot 2 2.50 acres;
Section 1, Lot 3 3.62 acres;
Section 1, Lot 4 3.15 acres;
Section 1, Lot 5 1.96 acres;
Section 1, Lot 6 2.35 acres;

Township 6 N, Range 11 W, Seward Meridian:

Section 28, W/2, 320.00 acres;
Section 29, E1/2NE1/4, SW1/4NE1/4, 120.00 acres;
Section 29, SE1/4, 160.00 acres;
Section 29, SW1/4, 160.00 acres;
Section 31, Lot 1, 36.94 acres;
Section 31, Lot 2, 37.80 acres;
Section 31, E1/2NW1/4 80.00 acres;
Section 33, W1/2, 320.00 acres;

Containing 1,247.60 acres, more or less.

Alaska Department of Land Number:	MHT9300070
Kenai Recording District Number:	2011-002226-0
Lands Covered:	Township 6 N, Range 11 W, Seward Meridian: Section 22: All, 640 acres; Section 23: All, 640 acres; Section 24: W1/2, W1/2W1/2E1/2, 400 acres; Section 25: W1/2, W1/2W1/2E1/2, 400 acres; Section 26: All, 640 acres; Section 27: N1/2, SW1/4, N1/2SE1/4, 560 acres; Section 27: S1/2SE, 80 acres; Section 34: Lot 151, 2.5 acres; Section 34: Lot 152, 2.5 acres; Section 34: Lot 155, 2.5 acres; Section 34: Lot 156, 2.5 acres; Section 34: Lot 177, 2.5 acres; Section 34: Lot 178, 2.5 acres; Section 35: NW1/4NW1/4, 40 acres; Section 34: Lot 123, 2.5 acres; Section 34: Lot 124, 2.5 acres; Section 34: Lot 130, 2.5 acres; Section 34: Lot 131, 2.5 acres; Section 34: Lot 155, 2.5 acres; Township 6 N, Range 11 W, Seward Meridian: Section 28: E1/2, 320 acres; Containing 3,747.5 acres, more or less.

Alaska Department of Land Number:	C-061667
Kenai Recording District Number:	2011-002923-0
Lands Covered:	Township 5 N, Range 11 W, Seward Meridian:
	Section 3, Lots 1 to 4, inclusive, SW1/4NW1/4, SW1/4, NE1/4SE1/4, S1/2SE1/4; Section 4, Lots 1 and 2, S1/2NE1/4, NE1/4SE1/4;
	Containing 680.0 acres, more or less.
	Township 6 N, Range 11 W, Seward Meridian:
	Section 33, Lots 1, 2, 3, 4, 7, 10, 11 and 12, NE1/2NE1/4, SE1/4NE1/4, N1/2SW1/4NE1/4, W1/2SW1/4SE1/4, E1/2SE1/4SE1/4 ; Section 34, Lots 1, 2, 3, 4, 5, 9, 10, 12, 13, 14, 37, 38, 54, 56, 72, 76, 93, 94, 96, 97, 99, 100, 101, 103, 104, 108, 109, 118, 120, 121, 126, 127, 128, 129, 142, 143, 145, 147, 150, 153, 154, 160, 162, 163, 168, 169, 170 and 172, N1/2NW1/4NE1/4, N1/2S1/2NW1/4NE1/4, W1/2W1/2SW1/4NE1/4, N1/2NW1/4, NW1/4SW1/4NW1/4, E1/2SE1/4NW1/4, N1/2NE1/4NE1/4SW1/4, SE1/4NE1/4SE1/4, NE1/4SE1/4SE1/4, S1/2SE1/4SE1/4; Section 35, NW1/4NE1/4, NW1/4NW1/4;
	Containing 595 acres, more or less.
	Aggregating 1,275.00 acres, more or less.

Alaska Department of Land Number:	391094
Kenai Recording District Number:	2011-002217-0
Lands Covered:	Tract: CI2006-157 Township 6 N, Range 11 W, Seward Meridian:
	Section 31, Surveyed, Lots 5 thru 20, 23, 24, 26 thru 35, E1/2 of Lot 36, 37, 38, 40 thru 59, 62 thru 117, 119 thru 189, 298.37 acres; Section 32, Surveyed, All excluding U.S. Survey 4969, 630.27 acres; Section 33, Surveyed, Lots 5, 6, 8, 9, 13 thru 40, W1/2SE1/4SE1/4, E1/2SW1/4SE1/4, 120.00 acres;
	Containing 1,048.64 acres, more or less.

Alaska Department of Land Number: 391092
Kenai Recording District Number: 2011-002218-0
Lands Covered: Tract: CI2006-126

Township 5 N, Range 11 W, Seward Meridian:

Section 4, Surveyed, SE1/4SE1/4, 40.00 acres;
Section 5, Surveyed, Fractional, Lots 2, 3, 4A, 13, N1/2SW1/4NW1/4, N1/2N1/2SW1/4SW1/4NW1/4, 143.60 acres;
Section 6, Surveyed, Lots 11, 17 thru 30, 32, 34, 35, 40, 61, 127 and 129 thru 132 , 46.08 acres;

U.S. Survey 3025 A and B, Block 8 Lots 1 and 5, 3.17 acres;

Containing 232.85 acres, more or less.

Alaska Department of Land Number: 391091
Kenai Recording District Number: 2011-002201-0
Lands Covered: Tract: CI2006-125

Township 5 N, Range 11 W, Seward Meridian:

Section 1, Surveyed, Lots 9, 11 thru 13, 18, and the bed of the Kenai River, 60.92 acres;
Section 2, Surveyed, Fractional, Lots 4, 5, and the bed of the Kenai River, 79.81 acres;
Section 3, Surveyed, S1/2NE1/4, NW1/4SE1/4, SE1/4NW1/4, 160.00 acres;
Section 10, Surveyed, N1/2NE1/4, and the bed of the Kenai River, 218.37 acres;
Section 11, Surveyed, Fractional, Lots 3 thru 5, 10, 11, E1/2NW1/4, NW1/4NW1/4, and the bed of the Kenai River, 316.46 acres;
Section 12, Surveyed, SE1/4SE1/4, and the bed of the Kenai River, 131.26 acres;
Section 13, Surveyed, NE1/4, SE1/4SE1/4, SW1/4, and the bed of the Kenai River, 364.84 acres;

Containing 1,331.66 acres, more or less.

Alaska Department of Land Number: 391095
Kenai Recording District Number: 2011-002225-0
Lands Covered: Tract: CI2006-158

Township 6 N, Range 11 W, Seward Meridian:

Section 34, Surveyed, Lots 6 thru 8, 11, 15 thru 36, 39 thru 53, 55, 57 thru 71, 73 thru 75, 77 thru 92, 95, 98, 102, 105 thru 107, 110 thru 117, 119, 122, 125, 132 thru 141, 144, 146, 148, 149, 157 thru 159, 161, 164 thru 167, 171, 173 thru 176, 300.00 acres;
Section 35, Surveyed, S1/2S1/2S1/2NE1/4, N1/2N1/2N1/2SE1/4, N1/2SW1/4, W1/2NW1/4SW1/4SW1/4, 125.00 acres;

Containing 425.00 acres, more

Alaska Department of Land Number: 391611
Kenai Recording District Number: 2011-014036-0
Lands Covered: Northwest Cook Inlet Unit Tract 1

Township 12 N, Range 10 W, Seward Meridian:

Section 25, Protracted, N2, SW4, 480.00 acres;
Section 26, Protracted, All, 640.00 acres;

Containing 1,120.00 acres, more or less.

Alaska Department of Land Number: 391609
Kenai Recording District Number: 2011-014036-0
Lands Covered: Tract 447- West Nicolai

Township 11 N, Range 13 W, Tract B, Seward Meridian:

Section 22, Unsurveyed, All, 640.00 acres;
Section 23, Unsurveyed, All, 640.00 acres;
Section 24, Unsurveyed, W2, SE4, W2NE4, SE4NE4, 600.00 acres;
Section 25, Unsurveyed, All uplands, 555.86 acres;
Section 26, Unsurveyed, All, 640.00 acres;
Section 27, Unsurveyed, All, 640.00 acres;
Section 34, Unsurveyed, All, 640.00 acres;
Section 35, Unsurveyed, All uplands, 470.17 acres;
Section 36, Unsurveyed, All uplands, 86.73 acres;

Containing 4,912.76 acres, more or less.

EXHIBIT A-1

UNITS, WELLS AND PERSONAL PROPERTY

Kenai Loop Wells

Well Name
Kenai Loop Well 1-1
Kenai Loop Well 1-2
Kenai Loop Well 1-3
Kenai Loop Well 1-4

Kenai Loop Properties and Equipment

1. Surface location known as Pad #1 and Pad #2 and all attendant facilities necessary for the production of petroleum such as flare stack, heater treaters, separators and water handling and processing facilities.

2. Pipelines, rights of way, and surface access from Pad #1 to Kenai City Gate Connection (Enstar/APC Station K686) and Buccaneer/KNPL Junction (Meter 416).

3. The entire inventory of materials and supplies related to the production and operations conducted on the Kenai properties.

4. All geological and geophysical data including 3 D Seismic license on Kenai Loop shoot and related work stations, servers and storage equipment as well raw geophysical data, field notes, and tapes, all interpretations, work product related to existing or prospective drilling locations.

5. All maps, geophysical files, and maps regarding prospects, existing projects (whether in electronic or paper format and verification that all copies are provided or destroyed.

6. All well data files, AFE's, production reports, gas charts, BTU or quality analysis and support for each operation conducted on the Kenai property both in electronic and paper format and all systems and equipment used to maintain such files and data.

7. All environmental data including studies or reports related to these properties.

8. All governmental inspection reports from any government agency.

9. All air permits or Spill Prevention Countermeasure and Control plans.

10. All engineering files, data or work product in electronic or paper format and all equipment and systems used to maintain such files and data.

11. Any proprietary geological and geophysical data that is owned and all equipment used to support such data.

12. All other property of any kind associated with the Kenai Loop not specifically listed or contemplated in this Exhibit A-1 and not specifically excluded in Exhibit A-2.

13. All technical, office, computer or administrative equipment, leases, and vehicles located on or associated with the property both in Alaska on location or in the Kenai, Anchorage office; including, but not limited to the following:

Kenai Warehouse:

- 4 ea. Ergonomic Electric L-Shaped Desks
- 11 ea. Desk Chairs
- 29 ea. Reception/Conference Room Chairs
- 1 ea. 8’ Conference Table
- 4 ea. 4’ Tables
- 3 ea. 3’ Round Tables
- 1 ea. Vizio TV
    - Model # E422VLE
    - Serial # LATKSAN110156
    - w/ remote, stand, and wall mount
- 2 ea. Computers
    - 1 ea. Dell Optiplex Desktop w/ keyboard & mouse
    - Serial # 00186-033-944-279
    - 1 ea. Dell Laptop
    - Serial # 27672488497
- 1 ea. Docking station
    - Dell – Serial# CN-OPKDGR – 75941-2C6-0043-A00
- 1 ea. Wireless keyboard
    - Logitech – PID # - DF24603DX
- 2 ea. Printers/Fax/ Scanner/Copier
    - 1 ea. HP Officejet 4622
    - Serial # CN310231QV
    - 1 ea. Kyocera Ecosys
    - Mach # Q5L0X01290
- 1 ea. Kodak i2400 Scanner
    - Serial # 48180751

- 1 ea. Acer Monitor
  - Serial # ETLNY080031081B7054226
- 4 ea. 3 Drawer Metal Under desk Cabinets
- 1 ea. 4 Drawer Metal Lateral Filing Cabinet
- 4 ea. 4 shelf Metal Book Shelves
- 1 ea. Clear OneMax conference Phone
  - Serial # 2513-1210-08
- 7 ea. Desk phones
- 1 ea. Cordless Phone
- 1 Hon Desk with right return

Kenai Office – 215 Fidalgo Ave.

- 1 ea. Samsung 60” (?) TV
  - Serial # Z2H43CCZA00525K w/ Remote
- 1 ea. Acer Revo Computer
  - Product Key: CPXC4 – WTJH7 – 9GY4K – WQTBX – DQYGT
- 1 ea. Microsoft Lif Cam
  - P/IN # X821857-001
- 1 ea. Polycom Conference Phone
  - Serial # 41D05VC10222
- 5 ea. NEC Multi Line Phones
- 1 ea. Dell Poweredge T110 II Server
  - # 2367K-4Y7RX – 68FTK – W87J4 – P9346
- 1 ea. Sonic Wall
  - # COEAE415ADE4
- 1 ea. Fellowes 99ci Shredder – No #
- 1 ea. Samsung Monitor Syncmaster
  - Serial # ZUELHTMC5025875 823B300
- 1 ea. Dell Desktop
  - Serial # 09XXG MQJRK PW7P3 TKTGT R9VFB
- 1 ea. HP Laserjet P2035 Printer
  - Serial # VNB3D38991
- 1 ea. Epson Projector & Screen
  - Serial # PVQK2400977
- 1 ea. Dell Optiplex USFF All In One – New In Box
- 2 ea. APC Battery Back UP
  - 1 ea. New in Box
  - 1 ea. 4B1215P13052
- 1 ea. Dell Server T320 – New in box

    - Serial # MWBDD DBRJJ B2PRD DPB93 PJ7F4
- 2 ea. Dell Monitor
    - 1 ea. New in box – No Sticker
    - 1 ea. Serial # CN-0GFXN4-74445-2C6-B9ML
- 1 ea. HP Laptop
    - Serial # 4CVKJ MMGB3 T29VF V4RJ9 6WT6D
- 2 ea. Dell Laptop
    - Serial # CNFZRY1
    - Serial # J2VTGV1
- 1 ea. Konica Minolta Bizhub C224e

Bill Adams:

- 1 ea. Dell Laptop – Keyboard and Mouse
    - Serial # 7689271609
- 1 ea. Dell Docking Station
    - Serial # 3103815600245056F
- 1 ea. LG Monitor Flatron EW22rt
    - PN # 103NDSK70134
- 1 ea. Kodak i2400 Scanner
    - Serial # 48151684

Ray Schemanski:

- 1 ea. Dell Laptop
    - Serial # JQ5ZRY1
- 1 ea. HP Monitor – No #
- 1 ea. Logitech Cordless Keyboard & Mouse

Brooke Poole:

- 1 ea. Dell Laptop
- Serial # C8F6PX1
- 1 ea. Samsung Monitor Syncmaster S23B300
- Serial # ZUELHTMC5000616L
- 1 ea. Logitech Comfort Cordless Keyboard
- PN – 820-002546
- 1 ea. Kensington Cordless Mouse
- Serial # A131A000102
- 1 ea. Kodak i2400 Scanner
- Serial # 47548530

Furniture:

- 1 ea. 8’ HON Conference Table
- 7 ea. Chairs
- 1 ea. TV Stand
- 1 ea. 3’ Round Break room table
- 5 ea. Breakroom/Reception Chairs
- 1 ea. Keurig Coffee Pot
- 1 ea. Westbend Microwave
- 1 ea. GE Minifridge
- 1 ea. Watercooler
- 1 ea. Ergonomic Electric L-Shaped Desk
- 2 ea. 3 Drawer Under Desk Units
- 3 ea. 4 Shelf Metal Book Shelves
- 1 ea. 4 Drawer Metal Lateral Filing Cabinet
- 4 ea. HON Desks
    - 2 ea. Right Returns
    - 1 ea. Left Return
- 10 ea. HON 3 Drawer Under Desk Units
- 4 ea. HON Bookshelf with 2 Lateral Files
- 4 ea. HON 4 drawer Lateral Files
- 4 ea. Reg. Black Mesh Desk Chairs
- 1 ea. Leather Desk Chair
- 3 ea. HON Reception Chairs
- 1 ea. HON round End Table
- 1 ea. Black Italian Leather Sofa
- 1 ea. Black Italian Leather Loveseat
- 1 ea. Black Italian Leather Chair

Complete Work Stations in Houston Office:

- Ostrog Enermax Custom Computer Geophysical Workstation including monitors, keyboards and peripheral equipment located in storage room
- Ostrog Enermax Custom Computer Geophysical Workstation including monitors, keyboards and peripheral equipment located in Room #920
- HP Plotter model number C6075A serial number SG0CS33121 located in “War” Room 9C

Conference Room Equipment in Houston Office:

- Conference Room 9A (only the telephone speaker system and television)

- Conference Room 9B small meeting table (marble like surface – green) and six executive swivel chairs

The following licensed software:

Product	License #
EarthPAK Maintenance (Standalone-Advanced)	11896
KINGDOM Data Management Maintenance (Standalone-Advanced)	11896
VuPAK Maintenance (Standalone-Advanced)	11896
SynPAK Maintenance (Standalone-Advanced)	11896
2d/3dPAK Maintenance (Standalone-Advanced)	11896
2d/3dPAK Maintenance (Standalone-Advanced)	NT902308
EarthPAK Maintenance (Standalone-Advanced)	902308
SynPAK Maintenance (Standalone-Advanced)	902308
VuPAK Maintenance (Standalone-Advanced)	902308
2d/3dPAK Maintenance (Standalone-Advanced)	902309
SynPAK Maintenance (Standalone-Advanced)	902309
VuPAK Maintenance (Standalone-Advanced)	902309
EarthPAK	902309
2d/3dPAK Maintenance (Standalone-Advanced)	902474
EarthPAK Maintenance (Standalone-Advanced)	902474
SynPAK Maintenance (Standalone-Advanced)	902474
PETRA	N/A (online)
SMT-EarthPAK Maintenance (Standalone-Advanced)	902473
SMT-LoadPAK Maintenance (Standalone-Advanced)	902473
KDM - dataloader suite	902475
PETRA	231478
SMT, EP, 3D	NT902473
PETRA network license) SMT	NW901984
IHS Powertools	Unknown
WolfePak Accounting Software	Unknown
WolfePak Land Add-On Module	Unknown

EXHIBIT A-2

EXCLUDED EQUIPMENT

All drilling related equipment and material owned by Kenai Drilling, LLC or its contractors stored or located on the Kenai Loop Pad No. 1.

EXHIBIT B

CONVEYANCE

[TBD]

SCHEDULE 1.2(d)

CONTRACTS

1. Liquids Sales Agreement dated May 9, 2013 between Tesoro Alaska Company and Buccaneer Alaska Operations, LLC to purchase condensate crude oil at Kenai Pipeline connection.

2. Gas Sales Agreement dated August 10, 2011 between Buccaneer Alaska, LLC and Alaska Pipeline Company.

3. Gas Sales Agreement dated March 22, 2013 between Alaska Pipeline Company and Buccaneer Alaska, LLC.

4. Gas Sales Agreement dated May 28, 2013 between Alaska Pipeline Company and Buccaneer Alaska, LLC.

5. Interruptible Gas Sale and Purchase Contract dated August 21, 2013 between Tesoro Alaska Company and Buccaneer Alaska, LLC.

6. Interruptible Gas Sale and Purchase Agreement dated September 12, 2013 between Cook Inlet Energy and Buccaneer Alaska, LLC.

7. Interruptible Gas Sale and Purchase Agreement dated December 5, 2013 between ConocoPhillips Alaska Natural Gas Corporation and Buccaneer Alaska, LLC.

8. Natural Gas Pipeline Easement dated September 29, 2011, by and between the City of Kenai and Buccaneer Alaska Operations, LLC.

9. Lease of Airport Lands dated December 7, 2011 (Lease No. 2232.01) between City of Kenai and Buccaneer Alaska Operations, LLC for use of surface at City Gate pipeline connection.

10. Lease of Airport Lands dated October 18, 2013 by and between the City of Kenai and Buccaneer Alaska Operations, LLC.

11. Conveyance of Overriding Royalty Interests dated as of January 25, 2013, between Buccaneer Alaska, LLC, as the assignor, and VPC Fund II, L.P. as assignee, such overriding royalty interest burdening certain Leases.

12. Production Payment Agreement dated as of January 25, 2013, between Buccaneer Alaska, LLC, as the assignor, and VPC Fund II, L.P., as assignee

13. Seismic Land Use Permit dated as of March 5, 2012 by and between Cook Inlet Region, Inc. and Buccaneer Alaska, LLC.

SCHEDULE 1.2(k)

ACCOUNTS, CREDITS, AND BONDS

Cash Collateralized Surety Bonds

1. **Bond:** Surety Bond No. B006404 made in the penal sum of $200,000 to the Alaska Oil and Gas Conservation Commission
   Principal: Buccaneer Alaska Operations, LLC
   Surety: U.S. Specialty Insurance Company

2. **Bond:** Statewide Miscellaneous Land Use Bond No. B007033 made in the penal sum of $100,000 to the State of Alaska, as released by letter dated December 11, 2012
   Principal: Buccaneer Alaska, LLC
   Surety: U.S. Specialty Insurance Company

3. **Bond:** Single Lease Operation Oil and Gas Lease Bond No. 9300082 made in the penal sum of $10,000 to the Alaska Mental Health Trust Authority
   Principal: Buccaneer Alaska, LLC
   Surety: Wells Fargo Bank, N.A.

4. **Bond:** Single Lease Operation Oil and Gas Lease Bond No. 9300070 made in the penal sum of $17,140 to the Alaska Mental Health Trust Authority
   Principal: Buccaneer Alaska, LLC
   Surety: Wells Fargo Bank, N.A.

5. **Bond:** Certificate of Deposit No. 7504515383, made in the amount of $25,093.94 to the Alaska Mental Health Trust Land Office
   Principal: Buccaneer Alaska, LLC
   Issuing Institution: Wells Fargo Bank, N.A.

6. **Bond:** Statewide Oil and Gas Bond No. SUR0015393 in the sum of $500,000 to the State of Alaska Department of Natural Resources Division of Oil and Gas
   Principal: Buccaneer Alaska Operations, LLC
   Surety: Argonaut Insurance Company

7. **Bond:** Land Use Permit Bond No. LAS 28719 made in the sum of $50,000 to the Division of Land and Mining, Department of Natural Resources
   Principal: Buccaneer Alaska Operations, LLC
   Surety: Argonaut Insurance Company

8. **Bond:** Land Use Permit Bond No. LAS 28742 made in the sum of $50,000 to the Division of Land and Mining, Department of Natural Resources
   Principal: Buccaneer Alaska Operations, LLC
   Surety: Argonaut Insurance Company

9. **Bond:** Construction and Excavation Permit Bond No. SUR0015376 in the sum of $500,000 to the City of Kenai
   Principal: Buccaneer Alaska, LLC
   Surety: Argonaut Insurance Company

SCHEDULE 1.4(b)

ESTIMATE OF REVENUES

[TBD]

SCHEDULE 1.4(c)

ESTIMATE OF PROPERTY COSTS

[TBD]

SCHEDULE 2.2

IMBALANCES

[TBD]

SCHEDULE 3.2

CONSENTS

Consent to assign all material contracts listed on Schedule 1.2(d), Contracts.

1. Consent of the Cook Inlet Region, Inc. ("CIRI") under the Cook Inlet Region, Inc. Oil and Gas Lease C-0161667 dated March 1, 2011 between CIRI and Buccaneer Alaska, LLC is required to encumber the property or assign an interest in such Lease.

2. Consent of the Alaska Mental Health Trust Authority ("Trust Authority") under The Alaska Mental Health Trust Authority Trust Land Office Competitive Oil and Gas Lease MHT No. 9300082 dated February 1, 2011 between the Trust Authority acting by and through the State of Alaska, Department of Natural Resources, Trust Land Office and Buccaneer Alaska, LLC is required for the approval of any assignment of an interest in such Lease.

3. Consent of the Trust Authority under The Alaska Mental Health Trust Authority Trust Land Office Competitive Oil and Gas Lease MHT No. 9300070 dated January 1, 2011 between the Trust Authority acting by and through the State of Alaska, Department of Natural Resources, Trust Land Office and Buccaneer Alaska, LLC is required for the approval of any assignment of an interest in the Mortgages in such Lease.

4. Consent of the State of Alaska Department of Natural Resources (the "DNR") is required for the approval of any assignment of an interest in any DNR Leases in Alaska.

SCHEDULE 7.5(a)

ESTIMATE OF TAXES
[TBD]