U.S. Department of Justice

United States Trustee, Region 10
Northern & Southern Districts of Indiana

101 West Ohio Street, Suite 1000 *317/226-6101*
Indianapolis, Indiana 46204 *FAX 317/226.6356*

Office of the United States Trustee - Region 10
Indianapolis, Indiana

Monthly Report
for
Debtors-in-Possession and Chapter 11 Trustees

Each month all Chapter 11 debtors must file two copies of this report with the Bankruptcy Clerk. The report must be filed with the attached reports identified below, ready for distribution to the U.S, Trustee no later than the 15th day of the month following the end of the calendar month covered by this report.

Debtor Name: KP Oil, Inc. For the month ended: September 30, 2006

Case Number: 04-11167-FJO-11 Date Bankruptcy filed: June 15, 2004

Required Documents	ATTACHED	SUBMITTED
1. Monthly Income Statement (P&L1)	✓	
2. Monthly Cash Flow Report (CFI; 3 pages)	✓	
3. Statement of Operations (Oprept))	✓	
4. Other reports/documents as) required by the U.S. Trustee		

The undersigned certifies under penalty of perjury that the information contained in this and accompanying reports is complete, true and correct to the best of my knowledge, information, and belief.

By: _____ Dated: October 30, 2006

Controller (Title) Debtor's telephone number 812-342-0548

Reports Prepared by: Shawn Moran , (Name) _____

P&L1(rev 9/3/92) (Accrual Method of accounting is required)

OFFICE OF THE U.S. TRUSTEE - REGION 10
MONTHLY INCOME STATEMENT

As of September 30, 2006

Debtor Name KP OIL, INC.
Case Number 04-11167-FJO-11

See Attached.

	CURRENT MONTH	YEAR TO DATE
INCOME		
Gross Receipts or Sales less: returns or allowances		
Costs of Goods		
Beginning Inventory		
Purchases		
Other Costs (list)		
less: ending inventory		
Cost of Goods Sold		
Gross Profit		
Interest		
Rents		
Gain (Loss) from sale of property		
Other Income		
Total Income		

GENERAL AND ADMINISTRATIVE EXPENSES			
Compensation of Officers			
Salaries & Wages			
Repairs & Maintenance			
Supplies			
Bad Debts			
Rents			
Payroll Taxes			
Other Taxes			
Interest Expense			
Depreciation			
Insurance			
Travel & Entertainment			
Utilities & Telephone			
Professional & Legal			
Other Expenses (Attach Schedule)			
Total Expenses			
Net Profit (Loss)			

KP OIL
INCOME STATEMENT FOR SEPTEMBER 30, 2006

	SEPTEMBER 2006
RENT INCOME	0
INTEREST INCOME	0
GAIN ON SALE OF ASSETS	0
TOTAL REVENUES	0
INTEREST EXPENSE	0
DEPRECIATION	0
AMORTIZATION EXPENSE	0
MANAGEMENT FEE	0
OTHER EXPENSES	11,870
TOTAL EXPENSES	11,870
INCOME BEFORE TAXES	(11,870)
STATE INCOME TAXES	0
FEDERAL INCOME TAXES	0
INCOME TAXES	0
NET INCOME	**(11,870)**

OFFICE OF THE U.S. TRUSTEE - REGION 10
MONTHLY CASH FLOW REPORT
AS OF September 30, 2006

Debtor Name. KP OIL, INC.
Case Number 04-11167-FJO-11

Reconciled bank balance and cash on hand from last month (if this is the first report, insert the cash balance as of the petition date)	11,081

CASH RECEIPTS

from cash sales/receipts	
from collection of pre-petition accounts receivable	
from collection of post-petition accounts receivable	
from loans	
from contributions to capital or from gifts	
other receipts (itemize on a separate sheet) (dividends)	
TOTAL RECEIPTS (Do not include beginning bank balance)	

CASH DISBURSEMENTS

inventory purchases	
*net payments to officers/owners	
* net payments to other employees	
rent payments	
lease payments	
mortgage or note payments	
adequate protection payments	
insurance	
utilities/telephone	
** tax payments	-0-
supplies	
outside labor	
travel/entertainment	
*** payments to attorneys	
*** payments to accountants	
*** payments to other professionals	
U.S. Trustee Quarterly Fee	
other expenses (payment to KBO pursuant to management agreement)	
TOTAL DISBURSEMENTS	

NET CASH FLOW (Total Receipts minus Total Disbursements)

Bank Balance and cash on hand at the end of the month (beginning balance + cash receipts - cash disbursements)	11,081

*** This figure is the actual cash paid. i.e. gross payroll less taxes withheld**

KP OIL
BALANCE SHEET SEPTEMBER 30, 2006

	SEPTEMBER 2006
CASH	11,081
ACCTS RECEIVABLE	0
INTERCO RECEIVABLE	3,107,720
BAD DEBT RESERVE	0
OTHER RECEIVABLES	0
TOTAL RECEIVABLES	3,107,720
INVENTORY FIFO	0
LIFO RESERVE	0
NET INVENTORY	0
INTANGIBLES	262,500
OTHER	1,041,617
OTHER NON CURRENT ASSETS	1,304,117
GROSS FIXED ASSETS	0
ACCUM DEPRECIATION	0
NET FIXED ASSETS	0
TOTAL ASSETS	4,422,918
ACCTS PAYABLE TRADE	1,189,398
ACCTS PAYABLE EXCISE TAX	0
TOTAL ACCTS PAYABLE	1,189,398
PAYROLL TAXES PAYABLE	0
ACCRUED EXPENSES	459
OTHER ACCRUED TAXES	249,229
ACCRUED LIABILITIES	249,688
INTERCOMPANY LOAN	(6,000,000)
BANK BORROWING	1,266,241
SUBORDINATED DEBT	0
ALL OTHER LIABILITES	4,523,973
TOTAL LIABILITIES	1,229,300
COMMON STOCK	631,023
RETAINED EARNINGS	2,190,872
UNREALIZED HOLDING GAINS	371,723
TOTAL SHAREHOLDERS EQUITY	3,193,618
TOTAL LIABILITY & EQUITY	4,422,918

** **This figure comes from page 2 of this form**
*** **Attach a copy of the court order authorizing such payments**

OFFICE OF THE U.S. TRUSTEE - REGION 10
MONTHLY CASH FLOW REPORT
for the month ended September 30, 2006

STATUS OF TAXES

	BEGINNING *TAX LIABILITY	AMOUNT WITHHELD OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
FEDERAL				
** withholding				
**FICA-employee				
**FICA-employer				
unemployment				
income	10,864			10,864
other-list				
a. subtotal	10,864			10,864
STATE AND LOCAL				
withholding				
sales				
excise				
unemployment				
pother				
real property				
personal property				
other-list (income)	54,347			54,347
b. subtotal	54,347			54,347

TOTAL TAXES PAID - from a. & b. above -0-
(this sum is to be listed on page 1, as tax payments)

Explain the reason for any past due post-petition taxes: None

* the beginning tax liability should represent the liability from the prior month or, if this is the first operating report, this should be zero

** Attach photocopies of IRS Form 123 or your FTD coupon and payment receipt to verify payments or deposits.

OFFICE OF THE U.S. TRUSTEE - REGION 10
AGING SCHEDULES FOR RECEIVABLES & PAYABLES
for the month ended September 30, 2006

Accounts Receivable	Current 0-30 days	Past Due 31-60 days	Past Due 61-90 days	Past Due 91 & over days	
Pre-petition	-0-	-0-	-0-	-0-	
Post petition	-0-	-0-	-0-	-0-	
Totals	-0-	-0-	-0-	-0-	**-0-** ***(grand total)***
Accounts Payable	Current 0-30 days	Past Due 31-60 days	Past Due 61-90 days	Past Due 91 & over days	
Post-petition only	_____	_____	_____	_____	**-0-** ***(grand total)***
Notes or Leases Payable or adequate protection agreements (Post Petition only)	Current 0-30 days	Past Due 31-60 days	Past Due 61-90 days	Past Due 91 & over days	
List Creditor/Lessor					
None					

Post Petition Bank	**Bank Name**	**Account Number**	**Beginning Balance**	**Ending Balance**
operating	National City Bank	0758324821	**11,081**	**11,081**
payroll		_____	_____	_____
tax escrow		_____	_____	_____
other(s)				

U.S. Department of Justice

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Office of the United States Trustee - Region 10
Indianapolis, Indiana

Statement of Operations
for the Month ended September 30, 2006

Debtor Name KP OIL, INC.

Case Number 04-11167-FJO-11

1. What efforts have been made toward the presentation of a plan to creditors?
Debtors have proposed procedures for orderly liquidation of assets. Most of the assets have been sold.

2. Has the Debtor in possession made any payments on the pre-petition unsecured debt since the since the filing of the bankruptcy?

__X__ NO
_____YES - If yes, then identify to whom the payment was made, the date paid, and the amount(s).

3. Provide a brief narrative, covering any significant events which occurred this past month.
A final order on DIP financing was entered by the Court. Statement of financial affairs and schedules of assets and liabilities were filed.

4. List the face value of accounts receivable as of the date that the bankruptcy was filed: $-0-. What amount of these receivables is considered uncollectible? $ -0-.

5. If assets have been sold this month in other than the ordinary course of business, provide the following information:

a. asset(s) sold: All operating assets
b. date of sale: November 22, 2004

c. sales price: Allocation not final ____

d. net amount received: Allocation not final ____

6. List payments made to principals, executives, or insiders (this includes draws or cash withdrawals by individuals or partners, dividends, lease payments on property owned by insider, loans, gross salaries, etc.)

Payee Name	Position	Amount	Explanation
None			

7. Schedule of insurance coverage.

Type of Policy	Expiration Date
See attached.	
General Liability	July 31, 2005
Workman's Compensation	September 30 , 2005

Has any insurance coverage either been reduced or allowed to lapse during this month? If so, explain what changes have taken place.

No

If any insurance coverage will expire within 60 days from this report, explain what steps are being taken to renew existing policies or to acquire new insurance -coverage. Provide the United States-Trustee -with a new certificate.

Please see attached schedule of insurance.

8. Schedule of changes in personnel

		Full Time	Part Time
a.	Total number of employees at beginning of this period	-0-	_____
b.	Number hired during this period	-0-	_____
c.	Number terminated or resigned.	-0-	_____
d.	Total number of employees on payroll at the end of this period.	-0-	_____