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

In re:	§	
	§	**Case No. 17-31646**
MONTCO OFFSHORE, INC., *et al.*,[1]	§	
	§	**Chapter 11**
Debtors.	§	
	§	**(Jointly Administered)**

DISCLOSURE STATEMENT FOR THE AMENDED PLAN OF REORGANIZATION OF DEBTOR MONTCO OFFSHORE, INC. AND AMENDED PLAN OF LIQUIDATION OF DEBTOR MONTCO OILFIELD CONTRACTORS, LLC UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: December 26, 2017

[1] The Debtors in these chapter 11 cases, together with the last four (4) digits of each Debtor's federal tax identification number, are Montco Offshore, Inc. (1448) and Montco Oilfield Contractors, LLC (9886). The mailing address for the Debtors, solely for the purposes of notices and communications, is 17751 Hwy 3235, Galliano, Louisiana 70354.

This Disclosure Statement is subject to final approval by the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") and other customary conditions. Acceptances or rejections of the *Amended Plan of Reorganization of Debtor Montco Offshore, Inc. and Amended Plan of Liquidation of Debtor Montco Oilfield Contractors, LLC Under Chapter 11 of the Bankruptcy Code* (as the same may be amended or modified from time to time solely in accordance with the terms thereof, the "Plan"), a copy of which is attached to this Disclosure Statement as Exhibit A, will be solicited upon provisional approval of this Disclosure Statement by the Bankruptcy Court. Such solicitation will only be made in compliance with applicable provisions of securities and/or bankruptcy laws. A hearing on final approval of the Disclosure Statement and confirmation of the Plan will take place before the Bankruptcy Court on January 18, 2018 at 10:30 a.m. (prevailing Central Time). Future developments relating to the matters described herein may require modifications, additions, or deletions to this Disclosure Statement. This Disclosure Statement is not an offer to sell any securities and is not soliciting an offer to buy any securities.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

Montco Offshore, Inc. ("MOI" or the "Reorganizing Debtor") and its subsidiary, Montco Oilfield Contractors, LLC ("MOC" or the "Liquidating Debtor" and, together with MOI, "Montco" or the "Debtors"), are providing the information in this Disclosure Statement to holders of Claims for purposes of soliciting votes to accept or reject the Plan.[2] Nothing in this Disclosure Statement may be relied upon or used by any Entity for any other purposes. Before deciding whether to vote for or against the Plan, each holder of a Claim entitled to vote should carefully consider all of the information in this Disclosure Statement, including the Risk Factors described in Section XI herein.

The Voting Deadline to accept or reject the Plan is 4:00 p.m. (prevailing Central Time) on January 11, 2018 (the "Voting Deadline"). To be counted, ballots indicating acceptance or rejection of the Plan must be actually received by BMC Group, Inc., the Debtors' notice, claims and balloting agent (the "Balloting Agent") no later than the Voting Deadline.

The Debtors urge you to read this Disclosure Statement carefully for a discussion of voting instructions, recovery information, classification and treatment of Claims and Equity Interests, the history of the Debtors and these chapter 11 cases, the Debtors' businesses, and summary of the Plan. You should not construe the contents of this Disclosure Statement as providing any legal, business, financial or tax advice. The Debtors urge each holder of a Claim or Equity Interest to consult with its own advisors with respect to any legal, financial, securities, tax, or business advice in reviewing this Disclosure Statement, the Plan, and the proposed transactions contemplated thereby. Furthermore, the Bankruptcy Court's conditional approval of this Disclosure Statement, for purposes of permitting the Debtor to solicit votes in connection

[2] Capitalized terms used but not defined in this disclaimer shall have the meanings ascribed to them elsewhere in this Disclosure Statement or the Plan.

with the Plan, does not constitute the Bankruptcy Court's final approval of the adequacy of the information contained in this Disclosure Statement nor does it constitute approval of the Plan.

This Disclosure Statement contains only a summary of the Plan and certain other documents. It is not intended to replace a careful and detailed review and analysis of the Plan and other documents, but only to aid and supplement such review. This Disclosure Statement is qualified in its entirety by reference to the Plan, the exhibits to the *Notice of Supplement to the Debtors' Plans of Reorganization and Liquidation* [Docket No. 543] (the "Prior Plan Supplement"), and any additional supplement(s) to the Plan filed with the Bankruptcy Court subsequent to the filing date of this Disclosure Statement (together with the Prior Plan Supplement, the "Plan Supplement") and the exhibits attached hereto and thereto and the agreements and documents described herein and therein. If there is a conflict between the Plan or the Plan Supplement and this Disclosure Statement, the provisions of the Plan or Plan Supplement, as applicable, will govern. You are encouraged to review the full text of the Plan and the Plan Supplement and to read carefully the entire Disclosure Statement, including all exhibits hereto, before deciding how to vote with respect to the Plan. Neither the Debtors nor the Plan Sponsor represents or warrants that the information contained herein or attached hereto is without any material inaccuracy or omission.

In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records and on various assumptions regarding the Debtors' businesses. While the Debtors believe that such financial information fairly reflects the financial condition of the Debtors as of the date hereof and that the assumptions regarding future events reflect reasonable business judgments, no representations or warranties are made by any entity (including the Debtors and the Plan Sponsor) as to the accuracy of the financial information contained herein or assumptions regarding the Debtors' businesses and future results and operations. Except as specifically noted, the financial information contained herein has not been audited by a certified public accountant and has not been prepared in accordance with generally accepted accounting principles. The Debtors expressly caution readers not to place undue reliance on any forward-looking statements contained herein.

The Debtors or any other authorized party may seek to investigate, File, and prosecute Claims and may object to Claims after the Confirmation Date or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies any such Claims or objections to Claims. As to contested matters, adversary proceedings and other actions or threatened actions, this Disclosure Statement is not, and is in no event to be construed as, an admission, or stipulation of the Debtors.

The Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof, unless otherwise specifically noted. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and expressly disclaim any duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Holders of Claims reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was Filed. Information contained herein is subject to completion, modification or amendment. The Debtors

reserve the right to File an amended or modified Plan and related Disclosure Statement from time to time.

The Debtors have not authorized any Entity to give any information about or concerning the Plan other than that which is contained in this Disclosure Statement. The Debtors have not authorized any representations concerning Montco or the value of their property other than as set forth in this Disclosure Statement.

If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all holders of Claims and Equity Interests (including those holders of Claims who do not submit ballots to accept or reject the plan, who vote to reject the Plan, or who are not entitled to vote on the Plan) will be bound by the terms of the Plan and the restructuring transactions contemplated thereby.

The confirmation and effectiveness of the Plan is subject to certain material conditions precedent described herein and set forth in Article VIII of the Plan. There is no assurance that the Plan will be confirmed, or if confirmed, that the conditions required to be satisfied for the Plan to go effective will be satisfied (or waived). You are encouraged to read the Plan and this Disclosure Statement in its entirety, including but not limited to Section XI titled "RISK FACTORS," prior to submitting your ballot to vote on the Plan.

The Bankruptcy Court's approval of this Disclosure Statement does not constitute a guarantee by the Bankruptcy Court of the accuracy or completeness of the information contained herein or an endorsement by the Bankruptcy Court of the merits of the Plan.

This Disclosure Statement has been prepared in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily prepared in accordance with federal or state securities laws or other similar laws.

THE DEBTORS AND THE CREDITORS' COMMITTEE URGE HOLDERS OF CLAIMS TO VOTE TO ACCEPT THE PLAN.

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THE DEBTORS HEREBY ADOPT AND INCORPORATE EACH EXHIBIT ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

I. INTRODUCTION

The Debtors submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to holders of Claims against and Equity Interests in the Debtors in connection with: (1) the solicitation of acceptances of the Plan, filed by the Debtors with the Bankruptcy Court; and (2) the hearing to consider confirmation of the Plan (the "Confirmation Hearing"), scheduled to commence on January 18, 2018 at 10:30 a.m. (prevailing Central Time). **Unless otherwise indicated or defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.**

In addition, unless otherwise noted, a ballot for the acceptance or rejection of the Plan is enclosed with each copy of this Disclosure Statement that is submitted to the holders of Claims that are entitled to vote to accept or reject the Plan.

On October 6, 2017, after notice and a hearing, the Bankruptcy Court entered an order (the "Prior Disclosure Statement Order") [Docket No. 470] conditionally approving a prior version of this Disclosure Statement as containing adequate information of a kind, and in sufficient detail, to enable hypothetical, reasonable persons typical of the Debtors' creditors and equity holders to make an informed judgment regarding the Plan. On December 21, 2017, the Bankruptcy Court entered the Disclosure Statement Order, pursuant to which this Disclosure Statement would be deemed approved, but only for purposes of solicitation of the Plan and related Disclosure Statement, provided no objections are received by the relevant deadline. **APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.**

The Prior Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for filing objections to confirmation of the Plan. Detailed instructions for voting to accept or reject the Plan accompany each ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the Plan Supplement, and the exhibits attached to all of the foregoing documents, and the agreements and documents described therein, the Prior Disclosure Statement Order, the Disclosure Statement Order and the instructions accompanying the ballot in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the classification of Claims for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

A. Overview of Chapter 11

Chapter 11, the principal business reorganization chapter of the Bankruptcy Code, permits a debtor to reorganize or liquidate its business for the benefit of itself, its creditors, and equity interest holders. In addition to the rehabilitation or liquidation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and equity interest holders in the distribution of a debtor's assets. The commencement of a chapter 11 case creates an estate comprised of all of the legal and equitable interests of the debtor as of the date the chapter 11 petition is filed. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan is the principal objective of a chapter 11 case. A plan of reorganization and liquidation both set forth the means for satisfying claims against and equity interests in a debtor. Confirmation of a plan by the bankruptcy court binds the debtor, any issuer of securities under the plan, any person acquiring property under the plan, any creditor or equity interest holder of a debtor, and any other person or entity subject to the terms and conditions of the Plan. Subject to certain limited exceptions, the order approving confirmation of a plan of reorganization discharges a debtor from any debt, equity interest, or other claim that arose prior to the date of confirmation of the plan and substitutes in place of such debts and other claims the obligations specified in the confirmed plan. Unlike a plan of reorganization, confirmation of a plan of liquidation does not discharge the debtor. A plan of liquidation is a sub-type of a chapter 11 plan, pursuant to which a debtor sells or transfers all or substantially all of its assets and winds down all of its operations in an orderly fashion under supervision of the bankruptcy court.

Certain holders of claims against, and sometimes equity interests in, a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical, reasonable claimant or holder of an equity interest to make an informed judgment regarding the plan. The Debtors are submitting this Disclosure Statement, pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against the Debtors that are entitled to vote to accept or reject the Plan.

B. Overview of the Plan

Although the Plan is a single document, it constitutes two different plans: one is a plan of reorganization and the other is a plan of liquidation. The Debtors' estates are not substantively consolidated.

1. Montco Offshore, Inc.'s Reorganization Plan

During the course of the chapter 11 case, MOI entered into a term sheet (the "Term Sheet") and the Contribution Agreement with SEACOR LB Holdings LLC ("SEACOR" or the "Plan Sponsor") that provides for the creation of a special purpose joint venture, Falcon Global Holdings LLC ("Falcon JV"), and a wholly owned subsidiary of Falcon JV, Falcon Global USA LLC ("Falcon USA Sub"), that will, among other things, own, hold and operate the assets of MOI contributed thereto and additional assets contributed by SEACOR. Falcon JV will receive contributions from each of SEACOR and MOI (including vessels, spare parts, cash, working capital and debt), a subset of which will then be contributed to Falcon USA Sub, with approximately 70% of the equity ownership in Falcon JV held by SEACOR and approximately 30% of the equity ownership in Falcon JV held by Reorganized Debtor, in each case based on current expectations (provided that the actual percentage ownership of Common Units of each of the Reorganized Debtor and SEACOR, as of the Effective Date, shall be subject to final determination pursuant to the terms and conditions of the Contribution Agreement and the JV Agreement). In addition, the Term Sheet contemplates that the First Lien Credit Agreement (excluding the obligations owed by ORE, and guaranteed by MOI, under the Term A-2 Loan (as defined in the First Lien Credit Agreement)) will be paid off by Falcon USA Sub through a

deemed borrowing under the Exit Facility. The First Lien Lenders under the First Lien Credit Agreement will be the lenders under the Exit Facility.

The Term Sheet and the Contribution Agreement were subject to a competitive bidding process approved by the Bankruptcy Court. Following this process, MOI received no competing bids by the August 24, 2017 deadline approved by the Bankruptcy Court. As such, to maximize value for all parties in interest, MOI determined, with the support of the Creditors' Committee, to move forward with the transactions contemplated by the Term Sheet, which MOI believes is in the best interests of all creditors.

MOI and the Plan Sponsor finalized and entered into the Contribution Agreement on August 10, 2017. The following represents a summary of certain terms of the Contribution Agreement and the form of JV Agreement, but shall not be construed to bind the Debtors or the Plan Sponsor in any way, and, in all respects, such summary is qualified in its entirety by the full text of the Contribution Agreement and the form of JV Agreement and the Contribution Agreement and JV Agreement control:

Parties	1. Montco Offshore, Inc. ("**MOI**"). 2. SEACOR LB Holdings LLC ("**Plan Sponsor**" and, together with MOI, the "**Parties**"), an indirect subsidiary of SEACOR Marine Holdings Inc. ("**SMH**").
Joint Venture to be Formed	Falcon Global Holdings LLC, a Delaware limited liability company ("**Falcon JV**"); and Falcon Global USA LLC, a Delaware limited liability company and wholly-owned subsidiary of Falcon JV ("**Falcon USA Sub**").
Assets to be Contributed	MOI will contribute: • six liftboat vessels ("**Vessels**"); and • 100% of the ownership interest in Montco Global LLC, which holds a 50% ownership interest in Falcon Global LLC ("**FGL**"), which, in turn, indirectly owns two Vessels. Plan Sponsor will contribute: • nine Vessels; • 100% of the ownership interests in SEACOR LB Offshore (MI) LLC, which holds the remaining 50% ownership interest in FGL; • 100% of the ownership interests in C-Lift LLC, which will indirectly own two Vessels; and • $15 million in cash. Each Party will also contribute certain other assets related to their respective contributed Vessels, including certain contracts, permits, and engines, parts and other capital spares.
Liabilities to be Assumed	MOI liabilities that will be assumed, include Falcon USA Sub entering into the Exit Facility (in respect of the Prepetition Credit Agreement and the DIP Facility, in each case, which are described in more detail in this Disclosure Statement) and other liabilities of MOI related to its contributed assets. Plan Sponsor liabilities that will be assumed, include certain credit facilities related to the Vessels indirectly held by C-Lift LLC, which represent approximately $76 million of indebtedness related on SMH's financial statements, which are further described in Article VI.A. of this Disclosure Statement (*Contribution of Assets to Falcon JV and/or Falcon USA Sub*)., and other liabilities of Plan Sponsor related to its contributed assets (including certain redelivery obligations in respect of certain bareboat charter agreements). FGL's current term loan will also be continued as part of the transaction, which term loan is further described in Article VI.A. of this Disclosure Statement (*Contribution of Assets to Falcon JV and/or Falcon USA Sub*).

Ownership; Distributions	On the Effective Date, the Reorganized Debtor and the Plan Sponsor shall collectively receive 100% of the Common Units of Falcon JV allocated between them in proportion to the respective values of the MOI Contribution Assets and the Plan Sponsor Contribution Assets (net of related liabilities), as more fully described in the Contribution Agreement and the JV Agreement. Falcon JV will make distributions of "Available Cash" (as such term is defined in the JV Agreement) (at the times and in amounts as determined by the board of managers of Falcon JV) to its members in accordance with their respective percentage ownership of Common Units, determined as of the date of the distribution. Falcon JV may also make tax distributions to its members.
Falcon JV Governance; Capital Contributions	Falcon JV will be governed by a three-member board of managers, with Plan Sponsor appointing two members and MOI appointing one member. Board of managers decisions are by majority vote, except that certain limited matters require approval of holders of 80% of Falcon JV's common equity. Parties are subject to capital calls on a pro rata basis from time to time as determined by the board of managers. Plan Sponsor is required to pay Falcon JV for certain reactivation costs in agreed-upon amounts for certain idle Vessels to be contributed to Falcon JV. Certain remedies are available to a non-defaulting member and/or Falcon JV in case of default by a member in funding a capital call or paying reactivation costs.
Transfer Restrictions	Each Party's ownership is subject to certain transfer restrictions (including a right-of-first-offer), drag-along rights and tag-along rights.
Certain Guarantees	SMH has agreed to guarantee interest (but not principal) under the Exit Facility for two (2) years following Closing and will receive from Falcon USA Sub a guarantee fee of 1% per annum in respect of such guarantee for so long as SMH or its any of its affiliates remains liable under such guarantee. SMH will continue its preexisting guarantee(s) under the credit facilities related to the Vessels indirectly held by C-Lift LLC (described above) and receive from Falcon JV a guarantee fee of 1% per annum in respect of such guarantee for so long as SMH or its any of its affiliates remains liable under its guarantee of that credit facility. MOI and SMH currently guarantee the FGL term loan (described above) and, in the event that MOI's guarantee of such FGL term loan is terminated, SMH will receive from Falcon JV a guarantee fee of 1% per annum in respect of SMH's guarantee of the FGL term loan for so long as SMH or its any of its affiliates remains liable under its guarantee of that term loan. For so long as SEACOR Holdings Inc. or any of its affiliates remains liable under its guarantee of certain bareboat charter agreements to be sub-bareboat chartered to Falcon USA Sub by an affiliate of Plan Sponsor, SMH will receive from Falcon USA Sub a guarantee fee of 0.5% of the aggregate lease or charter payments under such bareboat charters.
Ancillary Agreements	At Closing: (i) Falcon USA Sub will enter into a ship management agreement with SEACOR Marine LLC ("**SEACOR Marine**") to manage the Vessels for an annual management fee of approximately $200,000; (ii) Falcon JV will enter into an agreement under which SEACOR Marine will furnish certain administrative services for a quarterly fee of approximately $400,000; (iii) Falcon JV will lease MOI's current headquarters from the current landlord (an affiliate of MOI) for an annual base rent of approximately $250,000; and (iv) each Party will license to Falcon JV certain intellectual property associated with their businesses.
Definitive Documentation	The Parties have entered into the Contribution Agreement for Falcon JV's formation and agreed upon the substantial forms of exhibits thereto to be entered into at Closing in connection with the transactions contemplated by the Contribution Agreement. The Parties to the Contribution Agreement have each made customary representations and warranties, covenants and agreements, including to conduct their businesses in the ordinary course consistent with past practice and use commercially reasonable efforts and cooperate in good faith with one another in bringing about the Closing.
Closing Conditions	Closing is subject to customary conditions, including accuracy of representations and warranties, compliance with covenants, and absence of material adverse effect. In addition, Closing is subject to finalizing the Exit Facility and the Bankruptcy Court's entry of the

	Confirmation Order in respect of the Plan.
Termination; Breakup Fee	The Contribution Agreement contains certain specified termination provisions, including, among others, the right of either party to terminate the Contribution Agreement if the Closing has not occurred on or before December 31, 2017. The Contribution Agreement also provides for the payment from MOI to Plan Sponsor of a break-up fee of $3,960,000 and reimbursement the reasonable fees and expenses incurred by Plan Sponsor and its subsidiaries in connection with the transactions up to (but not in excess of) $1,000,000 in the event that (i) the Bankruptcy Court approves a competing transaction, (ii) Plan Sponsor terminates the Contribution Agreement due to a breach of MOI, or (iii) the Contribution Agreement is terminated for any other reason and, at the time of such termination, Plan Sponsor would have been permitted to terminate the Contribution Agreement due to a breach of MOI.

2. Montco Oilfield Contractors, LLC's Liquidation Plan

Due to industry downturn as well as specific difficulties facing MOC (as more fully described herein), MOC filed its Chapter 11 Case with the intent to liquidate its assets and effect the orderly wind down of its business. The Plan contemplates the creation of a liquidating trust for the benefit of MOC's creditors, which will allow for a prompt resolution of MOC's chapter 11 case and will achieve the best possible result for creditors and other interested parties.

II. OVERVIEW OF THE PLAN

A. General Basis for the Plan

The Plan contains a plan of reorganization for MOI and a plan of liquidation for MOC. The transactions contemplated under the Plan (as set forth in the Plan and as described herein) allow the Debtors to exit chapter 11 quickly and reduce administrative expenses that would otherwise continue to accrue to administer their bankruptcy estates.

B. Administrative and Priority Claims

1. Administrative Claims

The Reorganized Debtor and the Liquidating Trustee shall pay, to the extent allocable to their respective Estate, each holder of an Allowed Administrative Claim the full unpaid amount of such Allowed Administrative Claim, in Cash, (a) on the later of: (i) five (5) Business Days after the Effective Date (or, if not then due, within five (5) Business Days after the date when such Allowed Administrative Claim is due in the ordinary course of business); (ii) if such Claim is Disputed and is Allowed after the Effective Date, on the date that is five (5) Business Days after such Claim is Allowed by a Final Order; and (iii) at such later date and upon such terms as may be agreed upon by a holder of an Allowed Administrative Claim and the Reorganized Debtor or the Liquidating Trustee, as applicable; or (b) at such time and upon such terms as set forth in an order of the Bankruptcy Court; *provided, however*, that Administrative Claims do not include Administrative Claims Filed after the Administrative Claims Bar Date.

2. Professional Compensation and Reimbursement Claims and the Professional Fee Reserve

All Professionals employed by the Debtors or the Creditors' Committee in these Chapter 11 Cases shall (i) provide to the Debtors and the Liquidating Trustee an estimate of their Accrued Professional Compensation through the Effective Date before the Effective Date, and (ii) file all requests for allowance of compensation and reimbursement of expenses pursuant to sections 328, 330 or 503(b) of the Bankruptcy Code for services performed and expenses incurred in these Chapter 11 Cases through the Effective Date by no later than the Professional Fee Claim Bar Date.

On the Effective Date, the Reorganized Debtor and the Liquidating Trustee shall establish and fund the Professional Fee Reserve in accordance with the estimates provided by the Professionals in accordance with the preceding sentence, which estimates shall be reasonably acceptable to the Plan Sponsor. In the event of excess amounts remaining in the Professional Fee Reserve after all Allowed Claims of Professionals have been paid in full, such excess amounts shall be transferred to the Reorganized Debtor and/or the Liquidating Trust based on the amounts allocable to each of them.

The Confirmation Order shall establish the date the Bankruptcy Court shall hear and determine all applications for final allowances of compensation or reimbursement of expenses under sections 328, 330 or 503(b) of the Bankruptcy Code. Parties in interest shall have thirty (30) days from the Professional Fee Claim Bar Date to formally object to any such fee requests.

3. Priority Claims

The Reorganized Debtor shall pay each holder of an Allowed Priority Claim the full unpaid amount of such Allowed Priority Claim in Cash, on the later of: (i) five (5) Business Days after the Effective Date; (ii) five (5) Business Days after the date such Allowed Priority Claim becomes Allowed; and (iii) the date such Allowed Priority Claim is payable under applicable non-bankruptcy law.

4. General

Allowed Administrative Claims and Allowed Priority Claims shall be paid in full, by the Reorganized Debtor and the Liquidating Trust based on amounts allocable to each Debtor from Cash held by the Reorganized Debtor and Liquidating Trustee, as applicable. Allowed Claims for Accrued Professional Compensation shall be paid in full, immediately upon allowance, from the Professional Fee Reserve to the extent of such reserve and, if insufficient funds remain in the reserve, by the Reorganized Debtor and/or the Liquidating Trustee based on amounts allocable to each Debtor from their respective Cash on hand and proceeds of Contributed AR.

C. Holders of Claims Entitled to Vote

Under the Bankruptcy Code, only holders of allowed claims in impaired classes of claims that are not deemed to have accepted or rejected a proposed plan are entitled to vote to accept or reject a proposed chapter 11 plan.

A class is "impaired" under a plan unless, with respect to each claim or interest of such class, the plan:

- leaves unaltered the legal, equitable or contractual rights to which the holder of the claim or interest is entitled; or

- notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment on account of a default, cures any default, reinstates the original maturity of the obligation, compensates the holder for any damages incurred as a result of reasonable reliance on such provision or law and does not otherwise alter the legal, equitable or contractual rights of such holder based on such claim or interest.

Classes of claims that are unimpaired under a chapter 11 plan conclusively are presumed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims in which the holders will receive no recovery under a chapter 11 plan are deemed to have rejected the plan and are also not entitled to vote to accept or reject the plan.

Which Classes of Claims are Entitled to Vote on the Plan?

The following Classes of Claims are Entitled to Vote on the Plan:

Class 2 First Lien Secured Claims
Class 3 Other Secured Claims
Class 4 General Unsecured Claims

Which Classes of Claims and Equity Interests are Not Entitled to Vote on the Plan?

The following Classes of Claims and Equity Interests are not Impaired and, therefore, holders of Claims in these classes are not entitled to vote and are deemed to accept the Plan:

Class 1 DIP Facility Claims
Class 5A Equity Interests in MOI

As a result, holders of Claims and Equity Interests in the foregoing classes conclusively are presumed to have accepted the Plan and will not be entitled to vote to accept or reject the Plan. If the Debtors obtain a Bankruptcy Court Order designating other Classes of Claims as unimpaired, those classes will also not be entitled to vote to accept or reject the Plan.

The following Class of Equity Interests is also not entitled to vote on the Plan, though this Class is impaired because there will be no distribution and therefore, holders of Equity Interests in the following classes are deemed to reject the Plan:

Class 5B Equity Interests in MOC

D. Acceptance of a Plan by a Class

The Bankruptcy Code defines "acceptance" of a plan by a class of impaired Claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. In the event that the Debtors obtain an order of the Bankruptcy Court holding that any Class of Claims is unimpaired, each holder of an Allowed Claim in any such Class will be conclusively presumed to have accepted the Plan and any votes to accept or reject the Plan submitted by holders of Claims in any such Class will be null, void, and have no effect.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors reserve the right to amend the Plan, request confirmation of the Plan under section 1129(b) of the Bankruptcy Code, or both. Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the non-acceptance of a plan by one or more impaired classes of claims through a procedure known as "cram-down." Under section 1129(b), a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class. If a Class of Claims entitled to vote does not vote to accept the Plan, the Debtors will announce their determination on whether to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code prior to or at the Confirmation Hearing.

E. Summary of Classification and Treatment of Claims and Equity Interests

Except for Administrative Claims and Priority Claims, all Claims against and Equity Interests in each Debtor are placed in consolidated Classes. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims or Priority Claims, as described in Article II of the Plan.

The following table classifies Claims against and Equity Interests in the Debtors, collectively, for all purposes, including voting, confirmation and distribution pursuant to the provisions of the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that such Claim or Equity Interest or any portion thereof qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated under the Plan as a distinct Class for voting and distribution purposes.

F. Classification and Treatment of Claims and Equity Interests for the Debtors

Class	Claim	Status	Voting Rights
1.	DIP Facility Claims	Not impaired	Deemed to Accept
2.	First Lien Secured Claims	Impaired	Entitled to Vote
3.	Other Secured Claims	Impaired	Entitled to Vote
4.	General Unsecured Claims	Impaired	Entitled to Vote
5A.	Equity Interests in MOI	Not Impaired	Deemed to Accept
5B.	Equity Interests in MOC	No Distribution	Deemed to Reject

1. *DIP Facility Claims (Class 1)*

(a) *Classification*: Class 1 consists of DIP Facility Claims.

(b) *Treatment*: Except as otherwise set forth in Article IV.L.2 of the Plan, the DIP Lenders shall be paid in full in cash on the Effective Date in full and final satisfaction, settlement and discharge of, and in exchange for, the DIP Facility Claims.

(c) *Voting*: Class 1 is Unimpaired and, therefore, holders of DIP Facility Claims in Class 1 are deemed to have accepted the Plan.

2. *First Lien Secured Claims (Class 2)*

(a) *Classification: Class 2 consists of the First Lien Secured Claims.*

(b) *Allowance*: The First Lien Secured Claims shall be Allowed and not subject to any counterclaim, defense, offset, or reduction of any kind, in the amount of $116,099,286.35.

(c) *Treatment*: On the Effective Date, except to the extent that a holder of an Allowed First Lien Secured Claim agrees to less favorable treatment, and except as otherwise set forth in Article IV.L.2 of the Plan, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed First Lien Secured Claim, each holder of an Allowed First Lien Secured Claim shall receive payment of its Allowed First Lien Secured Claim from the Exit Facility. All amounts payable under the First Lien Loan Documents arising after the Petition Date shall be paid in accordance with the terms of the DIP Order and the Plan.

(d) *Voting*: Class 2 is Impaired and, therefore, each holder of an Allowed First Lien Secured Claim will be entitled to vote to accept or reject the Plan.

3. *Other Secured Claims (Class 3)*

(a) *Classification*: Class 3 consists of all Other Secured Claims.

(b) *Treatment*: Except to the extent that a holder of an Allowed Other Secured Claim agrees to a different treatment, until the earlier of (i) each such holder being paid in full on account of its Allowed Other Secured Claim, and (ii) the Trust Disbursement Termination Date, in full and final satisfaction and discharge of, and in exchange for, each Allowed Other Secured Claim, each holder of an Allowed Other Secured Claim shall receive: (w) following payment in full of all Allowed Administrative Claims and Allowed Priority Claims, such holder's Pro Rata share (among holders of Allowed Class 3 Claims) of Available Cash, if any, and proceeds of Contributed MOI AR, if any; (x) such holder's Pro Rata share (among holders of Allowed Class 3 Claims) of each Annual Free Cash Flow Payment from the Reorganized Debtor; (y) in the event of the occurrence of a Liquidating event, such holder's Pro Rata share (among holders of Allowed Class 3 Claims) of Net Cash Proceeds from such Liquidating Event from the Reorganized Debtor; and (z) such holder's Pro Rata share (among holders of Allowed Class 3 Claims and Allowed Class 4 Claims) of Distributions from all other Liquidating Trust Assets, other than those Liquidating Trust Assets described in Sections 3(b)(w)-(y) of Article III.B of the Plan. For the avoidance of doubt, the calculation of a holder's Pro Rata share shall be reduced by payments already received under Section 3 of Article III.B of the Plan. Notwithstanding the foregoing, the Alliance Subordinated Secured Claim shall only receive the treatment described in Sections 3(b)(w)-(y) of Article III.B of the Plan following payment in full of all other Allowed Class 3 Claims, and until such time as the Alliance Subordinated Secured Claim receives such treatment hereunder, the Pro Rata share of all other Allowed Class 3 Claims for the purposes of Sections 3(b)(w)-(y) of Article III.B of the Plan shall be determined without regard to the Alliance Subordinated Secured Claim.

(c) *Voting*: Class 3 is Impaired and, therefore, each holder of an Other Secured Claim will be entitled to vote to accept or reject the Plan.

4. *General Unsecured Claims (Class 4)*

(a) *Classification*: Class 4 consists of General Unsecured Claims.

(b) *Treatment*: Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a different treatment, until the earlier of (i) each such holder being paid in full on account of its Allowed General Unsecured Claim, and (ii) the Trust Disbursement Termination Date, in full and final satisfaction and discharge of and in exchange for each Allowed General Unsecured Claim, each holder of an Allowed General Unsecured Claim shall receive: (x) following

payment in full of all Allowed Other Secured Claims, including the Alliance Subordinated Secured Claim, such holder's Pro Rata share (among holders of Allowed Class 4 Claims) of each Annual Free Cash Flow Payment from the Reorganized Debtor; (y) in the event of the occurrence of a Liquidating Event, and following payment in full of all Other Secured Claims in connection with such Liquidating Event, such holder's Pro Rata share (among holders of Allowed Class 4 Claims) of Net Cash Proceeds from such Liquidating Event from the Reorganized Debtor; and (z) such holder's Pro Rata share (among holders of Allowed Class 3 Claims and Allowed Class 4 Claims) of Distributions from all other Liquidating Trust Assets, other than those Liquidating Trust Assets described in Sections 4(b)(x)-(y) of Article III.B of the Plan. For the avoidance of doubt, the calculation of a holder's Pro Rata share shall be reduced by payments already received under Section 4 of Article III.B of the Plan.

(c) *Voting*: Class 4 is Impaired and, therefore, the holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

5. *Equity Interests in MOI (Class 5A)*

(a) *Classification*: Class 5A consists of Equity Interests in MOI.

(b) *Treatment*: All existing Equity Interests in MOI shall remain outstanding, and, on and after the Effective Date, shall evidence equity interests in the Reorganized Debtor.

(c) *Voting*: Class 5A is Unimpaired and, therefore, holders of Equity Interests are deemed to have accepted the Plan.

6. *Equity Interests in MOC (Class 5B)*

(a) *Classification*: Class 5B consists of Equity Interests in MOC.

(b) *Treatment*: All Equity Interests in MOC shall be deemed canceled upon the Effective Date.

(c) *Voting*: Class 5B is Impaired and will receive no Distribution under the Plan and therefore, holders of Equity Interests in MOC are deemed to have rejected the Plan and are not entitled to vote on the Plan.

G. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights with respect to any Unimpaired Claim, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim.

H. Nonconsensual Confirmation

The Debtors reserve the right to seek, with the prior written consent of the Plan Sponsor, confirmation of the Plan under section 1129(b) of the Bankruptcy Code. To the extent that any Class votes to reject the Plan, the Debtors, with the prior written consent of the Plan Sponsor, further reserve the right to modify the Plan in accordance with Article XI.C of the Plan.

III. OVERVIEW OF THE DEBTORS' BUSINESSES AND CAPITAL STRUCTURE

A. Business Overview

1. Montco Offshore, Inc.

Montco Offshore, Inc. was founded by the Orgeron family in 1948, and continues to be owned and managed by the Orgerons. MOI is majority owned by Mr. Lee Orgeron, an individual, who serves as its Chief Executive Officer.

Historically, MOI's focus has been serving the offshore energy industries with crew boats, ocean-going tugs, deck barges, supply boats and liftboats. Today, MOI specializes in the construction and operation of liftboats, providing the highest quality and safety of service for offshore operators requiring versatile elevated vessels and work-platforms in the Gulf of Mexico (the "GoM"). As of the Petition Date, MOI had approximately 100 employees, including management, land-based support, mariners, administration and back-office personnel.

As of the Petition Date, MOI's total fleet of six vessels (collectively, the "Vessels") includes (a) two 335' class liftboats, known as (i) "Robert," which was completed in 2012, and (ii) "Jill," which was completed in 2014; (b) two 245' class liftboats, known as (i) "Kayd," which was completed in 2006, and (ii) "Myrtle," which was completed in 2002; and (c) two 235' class liftboats, each completed in 2009, known as (i) "Paul," and (ii) "Caitlin."

Construction of a Vessel, start to finish, is approximately a two-year process, which includes the vessel design, submission and approval of construction plans, bidding to vendors for construction-related needs, hiring a shipyard to erect the designs, and completing the project. Given the current instability of the market and uncertainty with respect to future work streams, MOI is not currently constructing any new liftboat vessels.

In addition to the design and construction of new vessels, MOI simultaneously solicits and negotiates directly with operators in the GoM who require the use of MOI's liftboats to fulfill the applicable operators' obligations. Prior to 2015, given the relatively high demand and limited number of vessels in direct competition with the capacities and functionalities of the Vessels, MOI deployed several liftboats for plugging and abandonment ("P&A") work pursuant to long-term (*i.e.* one year or longer) contracts. Over the past year, MOI's business has been almost entirely dependent on subcontracted work from MOC under the Black Elk Contract (as defined below).

2. Montco Oilfield Contractors, LLC

MOC is a wholly owned subsidiary of MOI. In March 2011, MOI acquired 80% of Abandonment Consulting Services, LLC ("ACS"), a project management, engineering and oilfield personnel service provider and general contractor. In January 2012, MOI purchased the remaining 20% of ACS and contributed ACS to a new entity, Montco Oilfield Contractors, LLC.

MOC is headquartered in Houston, Texas, and has traditionally been staffed with approximately two dozen full-time employees. MOC also had several independent contractors who served, among other roles, as project managers, coordinators, and engineers. Prior to the Petition Date, however, due to the industry downturn as well as specific difficulties facing MOC, as more fully described below, beginning in October 2016, MOC was forced to undergo a series of layoffs, ultimately resulting, as of the Petition Date, in a workforce of four full-time, salaried employees.

As a general contractor, MOC utilizes the services of hundreds of vendors and subcontractors (among them, MOI) throughout the GoM for an array of oil and gas offshore projects, including platform construction, installation, modification, repair, flushing, make-safe removal preparation and decommissioning; well intervention, recompletion and abandonments including both sub-sea and hurricane-damaged wells; pipeline flushing and abandonment; site clearance verification; and trawling projects.

MOC also provides, either directly or through its vendors, highly qualified and industry-proven oilfield personnel, including project management professionals, professional engineers, project coordinators, petroleum engineers, mechanical engineers, structural engineers, naval architects, drafters, wellsite managers, clerks, safety representatives, medics, safety and environmental management (SEMS) coordinators, SEMS auditors, logistics coordinators and dock dispatchers.

With safety as its highest priority, MOC provides SEMS compliance assurance on each and every project through its own operator-equivalent SEMS, which is monitored and managed by MOC's SEMS steering committee and SEMS-proficient project managers, ultimate work authorities (UWAs) and clerks. In 2016, MOC recorded over 1.57 million man hours worked, completing 156 well P&A projects, 50 platform removals, 63 pipeline abandonments, and 39 sites trawled and cleared, while simultaneously managing 4 rigless-well temporary abandonment ("TA") and permanent abandonment ("PA") operations, 4 heavy-lift vessels, 2 make-safe spreads, 2 hydrocarbon-free spreads, 3 site-clearance verification vessels, 22 marine support vessels, and 3 shorebase operations, all with a remarkably low 0.38 recordable incident rate (TRIR).

MOC's relationships with its vendors and subcontractors are generally governed by certain joint master service contracts (the "MSCs") among MOC, MOI, and the respective subcontractor(s). The MSCs include each of MOI and MOC solely to maximize certain efficiencies for each entity, given that each may utilize the services of, and are sought after by, the same vendors or subcontractors.

While the MSCs provide a general framework for a working relationship with subcontractors, the day-to-day operations, scope of work, and pricing of projects are governed by individualized vendor work orders generated by MOC, as necessary. The balance of the working relationship between subcontractors and the Company continues pursuant to the terms and conditions of the work orders, as well as communications and invoices delivered between the Company and its respective subcontractors.

MOC manages each project from start to finish, including: determining the necessary size of a required vessel(s); crafting schematics and procedures; pre-job spud meetings with all vendors; mobilization and equipment requirements; drafting and submitting regulatory filings; obtaining permits and other governmental approvals; and providing UWAs, offshore oversight representatives, and on-location clerks for purposes of providing daily reporting. On any given project, MOC may utilize upwards of 50 different subcontractors in order to complete a work scope. Depending on the scope of work, a project may last anywhere from two weeks to five months. And while the utilization of derrick and material barges is limited by weather conditions and essentially on hiatus during the winter months, MOC's business model is predicated on maximizing efficiencies and work scopes 365 days a year, including year-round use of liftboats and other equipment.

B. Intercompany Obligations

Due to the nature of MOC's general contracting business model, and the need to pay subcontractors and vendors in advance of receiving payment on customer invoices, MOI had historically provided working capital funds, on an as-needed basis and in the form of intercompany loans, to MOC. MOC would then historically reimburse MOI for these advances upon receipt of customer payments. As MOC commenced activity on the Black Elk Contract, this historical practice continued and MOI advanced working capital to MOC in order to allow MOC to pay subcontractors and vendors, other than MOI, for work performed on the Black Elk Contract. As a result of these advances and the deferment by MOI of repayment of its own invoices to MOC for work performed by MOI, a significant balance due from MOC to MOI built up. These working capital advances coupled with the deferment of payments due from MOC exacerbated MOI's weakening financial condition.

In the year leading up to the Petition Date, MOC did advance cash to MOI. Rather than treating these advances as payments on MOI's aging receivables, MOI booked these advances as working capital advances to MOI in the form of intercompany loans. These advances initially reduced the intercompany loan balance that was due to MOI from MOC for the above-described working capital advances to zero, and ultimately ended with a balance due from MOI to MOC as of the Petition Date. The total amount for these intercompany transactions due and owing from MOI to MOC is approximately $15 million. These transactions are documented as book entries in the books and records of MOI and MOC.

Given MOC's liquidity constraints as a result of key issues that arose under the Black Elk Contract, as described above, MOC was unable to pay several of its subcontractors and vendors over the course of the past year, including MOI. As of the Petition Date, MOI had invoiced but not received payment from MOC for approximately $51 million of subcontracted liftboat work. Given the $15 million outstanding intercompany loan due and owing from MOI to MOC, the net

prepetition intercompany balance is approximately $36 million due and owing from MOC to MOI (all of the aforementioned, the "Intercompany Obligations"). The Plan contemplates releasing each of the Debtors from their respective Intercompany Obligations.

C. Prepetition Capital Structure

As of the Petition Date, on a book basis, MOC had an aggregate total of approximately $84 million in total assets, which are mostly made up of receivables, and approximately $126 million in total liabilities. As of the Petition Date, on a book basis, MOI had an aggregate total of approximately $265 million in total assets, and approximately $136 million in total liabilities.

MOI is a borrower and MOC is a subsidiary guarantor under that certain Second Amended and Restated Credit Agreement dated as of January 29, 2016 (as amended, the "Prepetition Credit Agreement") by and among MOI and a non-Debtor affiliate, Orgeron Real Estate, L.L.C. ("ORE"), as borrowers, the lender parties thereto (collectively, the "Prepetition Lenders), and JPMorgan Chase Bank, N.A., as administrative agent (the "Prepetition Agent").

The principal amount of the Debtors' consolidated secured debt obligations under the Prepetition Credit Agreement totals approximately $116.6 million, comprising (a) approximately $15 million under the Revolving Loan, (b) approximately $94 million under the Term A-1 Loan, and (c) approximately $7.5 million under the Term C Loan (as each of those terms is defined in the Prepetition Credit Agreement, and collectively, the "Prepetition Secured Debt Obligations"). The Prepetition Secured Debt Obligations are secured by substantially all assets of the Debtors (the "Prepetition Collateral").

MOI entered into the First Lien Credit Agreement in order to consolidate several prior term loans related to the construction of the Vessels (specifically, the Robert and the Jill), and to provide additional working capital funds necessary for the continued operations of MOC.

In the ordinary course of its business, MOI routinely transacts business with a number of third-party contractors and vendors who may be able to assert liens, including certain maritime liens, against MOI and its assets, including the Vessels, in the event MOI fails to make timely payments for goods delivered or services rendered. As of the Petition Date, MOI estimates that approximately $5.3 million was due and owing to holders of prepetition trade claims against MOI (excluding the Intercompany Obligations described above).

IV. EVENTS LEADING TO THE CHAPTER 11 FILING

A. Market Conditions

With the downturn in the oil and gas industry and the sustained decrease in commodity prices from the beginning of the second half of 2014 through early 2016, companies across the industry faced severe pressures in terms of reduced revenue streams, earnings and cash flows, as well as increasing difficulties to meet certain creditor obligations. Operators in the industry, including Montco's customers, substantially reduced their existing production and implemented severe cutbacks in capital spending. These market conditions have impacted oil and gas companies at every level, as many companies in the industry have filed for bankruptcy protection since the beginning of 2015.

Moreover, and as specifically related to the Debtors' businesses, oil and gas companies have substantially deferred maintenance and P&A work in order to conserve cash during the downturn leading to a decrease in demand for the Debtors' services. The financial impact has vastly deferred or impeded the available work to the Debtors, as operators continued to curtail their P&A obligations.

B. Black Elk's Chapter 11 Case

On August 11, 2015, certain creditors of Black Elk Energy Offshore Operations, LLC ("Black Elk") filed an involuntary chapter 7 petition in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, against Black Elk, whose case, on September 1, 2015, was voluntarily converted from a chapter 7 to a chapter 11 (the "Black Elk Case").

Prior to its bankruptcy filing, Black Elk delivered a confidential bid package to a handful of general contractors, including MOC, seeking bids for decommissioning and P&A work, which Black Elk was required to perform to meet ongoing regulatory obligations at its various properties. MOC and one other contractor submitted bids, and Black Elk, in its business judgment, determined that MOC's proposal presented the best and most cost-effective plan to meet its P&A obligations. Black Elk submitted MOC's proposal for Court approval, and, after Black Elk and MOC undertook significant negotiations with all parties in interest, including, among others, the unsecured creditors' committee in the Black Elk Case, Argonaut Insurance Company ("Argo"), and governmental representatives from each of the Bureau of Safety and Environmental Enforcement ("BSEE"), the Bureau of Ocean Energy Management ("BOEM"), and the Department of Justice ("DOJ") on behalf of the Department of the Interior ("DOI"), the Court approved MOC's turnkey agreement on March 1, 2016 (as amended, the "Black Elk Contract").

The Black Elk Contract not only provided MOC itself with a significant source of workflow, but also enabled scores of subcontractors, including MOI, to continue operating as going concerns and staving off financial distress.

The aggregate scope of work under the Black Elk Contract included 19 "Jobs" (as that term is defined in the agreement), each including a detailed, particularized scope and service description, as well as the gross price for the Job, and the net price due and owing from Black Elk itself. There were listed on Exhibit "A" to the Black Elk Contract. The signatories to the Black Elk Contract included (a) Black Elk, (b) MOC as general contractor, and (c) MOI as corporate guarantor of "performance by [Montco] of all of its obligations under and pursuant to [the Black Elk Contract] … and liabilities and responsibilities of [Montco] under and pursuant to [the Black Elk Contract]," as set forth in Section 23 of the Black Elk Contract. On May 3, 2016, Black Elk submitted a revised Exhibit "A" to the agreement (*see* Docket No. 828 in the Black Elk Case), bringing the total number of Jobs to 20.

Under the Black Elk Contract, MOC was to bill Black Elk for net amounts listed on Exhibit "A", on a Job-by-Job basis, only once respective Jobs were "completed". The timing of payments is set forth in Section 1.2.3 to the Black Elk Contract, which states:

> All amounts owed to [Montco] shall be paid in connection with the release of any proceeds of surety bonds securing or any cash collateral collateralizing those certain [P&A] obligations and liabilities of [Black Elk] in connection with the [P&A] of wells, abandonment … of pipelines and decommissioning oil and gas platforms or caissons (the "P&A Obligations") all as further delineated on an individualized Job by Job basis on Exhibit "A".

See Section 1.2.3. In other words, as Jobs were completed, proceeds of bonds securing the P&A Obligations for such Jobs were to be released and transferred to MOC at its quoted prices.

MOC acknowledged "that it [would] only be paid from collateral associated with an individual Job identified on Exhibit 'A' once the applicable obligee for any bond or bonds associated with such individual Job fully terminate[d] or cancel[ed] such bond(s) without residual liability as to the specific bonds identified with such line item." *See id.* That same section, however, includes the following proviso:

> [A]ny remaining bond collateral that exceeds the amounts due and owing for the related Job shall be held and applied toward payment of other Job(s), including those for which the applicable bond amount is less than the turnkey amount for such Job(s).

Id.

Thus, MOC believes that parties to the Black Elk Contract expressly manifested an understanding that certain Jobs under the agreement were undercollateralized by appropriate bonding, while others were overcollateralized. The mechanics of the payment terms, then, were to ensure that as bond collateral was freed up with the completion of overcollateralized Jobs, such additional funding would remain in place and become available as payment to MOC upon the completion of undercollateralized Jobs.

Certain matters that could arise through the duration of the P&A work but could not be anticipated in advance were expressly carved out of the Black Elk Contract as continuing obligations of Black Elk, and not MOC. Two provisions are illustrative of certain types of such impossible-to-anticipate occurrences that could not be priced into the agreement and were thus carved out:

- **Section 7.9.4**: [Black Elk] Operations to Control a Wild Well, Blowout, or Uncontrolled Flow. Contractor Group shall not be liable for, and [Black Elk] agrees to protect, defend, indemnify, and hold harmless Contractor Group from and against, any and all Property Claims/Losses resulting from the performance of services to control a wild well, blowout, or any other uncontrolled flow, including, without limitation the costs of controlling such a well, even if the Property Claims/Losses are contributed to or caused by the sole, joint, comparative or concurrent negligence, fault or strict liability of any member(s) of Contractor Group or the unseaworthiness of any vessel.

- **Section 7.9.8**: [Black Elk] Responsibility for Hazardous Materials and Hazardous Waste. … [Black Elk] shall, at its sole expense and risk, transport and dispose of (except as otherwise mutually agreed) any spent or used chemicals or their empty packages, drums, or containers or other hazardous waste or materials even if such materials have resulted from or were incident to the performance by any member(s) of Contractor Group of this Agreement … Contractor Group shall not be liable for and [Black Elk] agrees to release, protect, defend, indemnify, and hold harmless Contractor Group from any and all Claims (including, without limitation, cost of control and cleanup), incurred by any member(s) of Contractor Group under any statute, regulation, or otherwise, arising from [Black Elk]'s failure to properly transport and/or dispose of such hazardous waste or materials even if such is contributed to or caused by the sole, joint, comparative, or concurrent negligence of any member(s) of Contractor Group or the unseaworthiness of any vessel.

Because MOC could not have known of certain hazardous materials or waste present at the various properties at which it would be performing the P&A work, it did not price each Job with assumptions related to removal of those materials or waste. Similarly, because uncontrolled flows, blowouts, and wild wells are impossible to predict in advance for purposes of pricing a P&A contract, these matters were also excluded from MOC's cost liabilities under the Black Elk Contract.

To be sure, in order to fully service each property appropriately and achieve site clearance, MOC would indeed be required to perform these aforementioned obligations, i.e. attending to wild wells, blowouts, uncontrolled flows, and/or the removal of hazardous materials and waste. To not do so, and to return to Black Elk or working-interest and/or legacy owners seeking their performance of such obligations or otherwise seeking to renegotiate payment terms, would lead to extreme delays on MOC's plans to complete the various scopes of work. Indeed, in certain instances, delaying and/or leaving a site could pose additional environmental risks and trigger significant regulatory issues for Black Elk and other parties in interest. Hence these provisions were built into the "Indemnification; Special Situations" section of the Black Elk Contract, and Black Elk agreed to bear the costs of these extra projects.

What is more, MOC's performance of these "special" or "extra" P&A obligations would ultimately save Black Elk (and the working interest and/or legacy owners) an enormous amount of time and money, given, absent MOC's performance, Black Elk would be required to retain additional contractors for the additional, unanticipated scope of work in order to obtain proper permitting and/or achieve site clearance.

Thus, the Black Elk Contract, as, according to MOC, was approved by all parties in interest, provided the most efficient mechanism to ensure that the P&A plan would be executed in an expeditious, effective manner, while maintaining the integrity of the turnkey pricing structure and not creating additional, unsustainable risks for the contractor. During the scope of work, all parties were informed, through daily job reports, of all work performed by MOC.

C. MOC's Performance Under the Black Elk Contract

Immediately upon Court approval of the Black Elk Contract, MOC commenced the P&A work, in an effort to complete the work in a safe and efficient manner during favorable-weather months in the GoM. Over the course of 2015 and 2016, MOC, through its subcontractors and vendors, including MOI, was able to complete a substantial amount of the obligations pursuant to the Black Elk Contract, removing 33 platforms, completing 129 well P&A projects, and abandoning 41 pipelines. Indeed, in 2016 alone, of the over $100 million in milestones under the Black Elk Contract, MOC achieved close to $75 million.

In an effort to manage and complete the P&A work diligently and quickly, MOC simultaneously enlisted multiple P&A equipment spreads, including utilization of the Vessels, to cover a wide-ranging number of Jobs across the GoM. These campaigns included the following processes: make-safe operations for preparing personnel platforms; follow up for well intervention and well P&A spreads, in order to abandon all wells; follow up with additional spread of equipment to clean vessels and prepare platforms for decommissioning; utilize multiple spreads of equipment to deconstruct platforms and pull objects from the water; employ vessels to trawl at each site; and file end-of-operations reports and submit them to the government for site clearance.

Given the aforementioned payment triggers, the Black Elk Contract exposed MOC to over $20 million of vendor liabilities just at the outset of MOC's performance. To be sure, vendors were asked to extend payment terms and credit in order to allow for MOC to complete its obligations under the agreement and trigger payment releases to MOC, such that MOC could then pay vendor invoices. Moreover, at the outset of performance under the Black Elk Contract, MOI was able to assist MOC in the form of as-needed working-capital intercompany loans, as further described above.

However, a combination of in-the-field, impossible-to-anticipate complications, slow turnaround times with respect to governmental approvals (both on the front end related to permitting and on the back end related to site clearance), and delayed collateral releases plagued MOC with severe cash flow problems, and also immensely increased the costs associated with performance under the Black Elk Contract. These unforeseen – and, with respect to MOC, unavoidable – circumstances, undermined MOC's ability to timely and fully pay its subcontractors for the work performed for Black Elk and its affiliates, and resulted in severe cost overruns that could not have been anticipated.

Again, as described above, MOI, as MOC's liftboat services provider with respect to the Black Elk P&A work, was (and is) the largest unpaid subcontractor to date, accruing approximately $51 million in unpaid invoices for work performed.

Certain of the defendants in the Black Elk Adversary Proceeding (defined below), including but not limited to Argo, disagree with the characterization of certain of the facts set forth above, as further described in the responsive pleadings filed by those parties in the litigation.

D. Unforeseen Complications Under the Black Elk Contract

Three primary categories of complications became apparent to MOC over the course of its performance of the P&A work. First, certain unanticipated matters that arose throughout the P&A performance are expressly covered by the Black Elk Contract and carved out as liabilities of Black Elk (the "Contractual Obligations"). These matters include MOC's performance of work related to "uncontrolled well flows," as well as cleaning and disposing of hazardous materials and waste, and naturally occurring radioactive materials ("NORM"). Again, although the contract places the burden of these Contractual Obligations on Black Elk, nonetheless MOC expended millions of dollars of costs on the front end to address these matters in real time and create significant cost savings for Black Elk and other interest parties. MOC estimates that the total amount expended on the Contractual Obligations was approximately $7.9 million.

Second, with respect to several properties, MOC, either once mobilized at a location or as it was performing the P&A work, discovered additional wells, structures, flare piles, or other items that required attention in order to obtain permitting and/or other approvals (including site clearance) from BSEE and BOEM, which were not ever disclosed to MOC (the "Out-of-Scope, Unidentified Work"). Not only were these additional, unknown matters not disclosed by Black Elk in its bid package or during contract negotiations, but they were also not referenced on the relevant governmental databases that track wells and structures, and thus were impossible to identify – and therefore impossible to price into the Black Elk Contract – prior to MOC's on-site mobilization. MOC estimates that the total amount expended on the Out-of-Scope, Unidentified Work was approximately $4.5 million.

Third, with respect to several properties, while, unlike in the prior description, MOC was aware of the *existence* of certain wells and structures, it was not aware of the true scope of work required to P&A such wells and structures until it was on-site. Thus, while the Black Elk Contract included a detailed scope of work for each property's structures and wells, the actual required scope of work often differed from that which was negotiated, due to certain misrepresentations recorded in Black Elk's books and records which were relied upon in the negotiation process by all parties (the "Misrepresented Scope of Work"). These misrepresentations included in Black Elk's books and records related to, among other things, the TA/PA status of certain wells, the condition of certain platforms, and other related issues. MOC estimates that the total amount expended on the Misrepresented Scope of Work was approximately $12.25 million.

In total, the aggregate amount of additional, unanticipated work that was completed by MOC but was ultimately the liability of Black Elk and its working interest partners and/or legacy owners, totals approximately $25 million.[1]

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[1] This number does not account for the substantial indirect costs incurred by MOC related to the aforementioned out-of-scope issues, which caused significant delays for the balance of work to be performed under the Black Elk Contract. Moreover, MOC also incurred several millions of dollars in additional costs related to various incident-of-noncompliance (INC) remediations, excessive debris removals, and BOEM-required archaeological surveys, all of which are outside the scope of the Black Elk Contract and the obligations of Black Elk, not its P&A contractor.

For each of the categories described above, had MOC not completed the additional work, it would not have been able to complete the P&A work at any of the applicable locations, as it could not have obtained appropriate governmental liability reduction for each Job. What is more, Black Elk and the legacy and/or working interest owners would have still remained liable for the additional remediation costs (not to mention the underlying P&A work), and those costs would certainly have increased had MOC demobilized and remobilized each time it encountered an unanticipated complication, or had MOC stopped work to renegotiate contractual terms, given that the field-level labor and equipment costs on each spread could range anywhere from $2,000 per hour to $6,500 per hour.

Moreover, the additional work performed by MOC was not news to anyone who had been paying attention. Each day, MOC circulated daily reports regarding its progress on the P&A plan to Black Elk, the working interest owners, and the legacy owners. Every matter that was "extra," and thus not priced into the contract, was disclosed to these parties in interest through these daily reports. Despite that, while, in the aggregate, MOC expended nearly $25 million related to the extra, unanticipated work, MOC has not received payment for any of this additional work from any of the parties. The impact of those additional costs and expenses has not only been borne by MOC, but also by its subcontractors and vendors who performed the Black Elk P&A obligations, including MOI.

E. Issues Related to Payment Streams

In addition to field-level issues related to the scope of work under the Black Elk Contract, MOC also faced issues related to the payment mechanisms under the agreement, resulting in delayed releases of bond collateral and payments, which contributed to increasing amounts of pressure from MOC's subcontractors.

Specifically, even though MOC removed a large amount of the financial liability under the agreement, it consistently encountered the following payment issues, among others: BSEE and BOEM were, at times, unable or unwilling to update their respective websites in a reasonably timely fashion showing that decommissioning liabilities had been reduced to $0; bond obligees would not authorize the relevant sureties to release bonds on a Job-by-Job basis, given those obligees were covered by bonds that encompassed more than one Job, as defined by the contract; and, despite the clear language in the contract, sureties would not release collateral from the overcollateralized, completed Jobs in order to fund the undercollateralized projects. Again, all of this, coupled with the high costs for out-of-scope work described above, resulted in increasingly delayed payment turnarounds from MOC to its vendors and subcontractors, including MOI.

F. Debtors' Attempts to Restructure Payment Terms and Obligations

By October 2016, as a result of all the aforementioned issues created by the additional work and costs, as well as by the payment delays, it became clear to MOC that it could not continue to meet its obligations to vendors under the payment structure and workflow obligations of the Black Elk Contract. These obligations included the approximately $51 million that has since accrued and remains due and owing to MOI. As such, MOC expended a great deal of time and effort negotiating with all stakeholders, including Argo, legacy owners, bondholders, as well

as BSEE and BOEM, to craft alternative payment arrangements, including bond riders and reductions, and even advance payments so that both BOEM and Argo would release bond collateral on a partial basis, as decommissioning liabilities were reduced, instead of waiting for a Job to reach its completion.

While these solutions provided temporary cash flow relief and allowed MOC to begin catching up on vendor liabilities, ultimately even the partial payment arrangement was plagued by delays, unanticipated requirements and requests, and, at bottom, only served as a temporary fix that could not adequately address the $25 million of extra out-of-scope work.

Furthermore, MOC had limited options in terms of alternative sources of cash. Given the state of the industry and the relatively small and low-priced amounts of available work, lenders were wary to provide any sort of credit or financing to service providers like MOC, given its relatively few hard assets, or to subcontractors like MOI, given its significant secured liabilities and a potentially uncertain market for its collateral.

V. SIGNIFICANT EVENTS OF THE CHAPTER 11 CASE

On March 17, 2017 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered for procedural purposes only.

A. First Day Relief Requested

Contemporaneously with the filing of their bankruptcy petitions, the Debtors filed various first day pleadings (the "First Day Pleadings") seeking orders granting relief intended to facilitate the efficient administration of these chapter 11 cases and minimize the disruption to its business operations by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and other contract counterparties. Copies of the First Day Pleadings and all orders for relief granted in these chapter 11 cases are available free of charge at www.bmcgroup.com/montco (the "Case Website").

1. Debtor in Possession ("DIP") Financing

On March 20, 2017, the Debtors filed the *Emergency Motion for Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Superpriority Secured Financing From JPMorgan Chase Bank, N.A., (II) Authorizing Use of Cash Collateral, (III) Granting Adequate Protection, (IV) Scheduling Final Hearing, and (V) Granting Certain Related Relief* [Docket No. 36] (the "Interim Emergency DIP Motion"), seeking authorization to borrow up to $3.15 million from JPMorgan Chase Bank, N.A. ("Chase") to afford the Debtors sufficient liquidity at the outset of their Chapter 11 Cases to operate their businesses and provide additional time to negotiate a larger financing facility for the bankruptcy cases. The Bankruptcy Court entered an interim order approving the Interim Emergency DIP Motion on March 24, 2017 (the "First Interim Emergency DIP Order") [Docket No. 68]. The Bankruptcy Court entered a second interim order approving the Interim Emergency DIP Motion on April 20, 2017, which amended and supplemented the First Interim Emergency DIP Order [Docket No. 142].

On April 28, 2017, the Debtors filed the *Emergency Motion for Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Superpriority Secured Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Adequate Protection, (IV) Scheduling Final Hearing, and (IV) Granting Certain Related Relief* [Docket No. 166] (the "Second DIP Motion"), seeking authorization to borrow additional funds from Chase and certain other lenders (collectively, the "DIP Lenders"). The Bankruptcy Court entered an interim order approving the Second DIP Motion [Docket No. 188] on May 2, 2017. On May 25, 2017, the Bankruptcy Court entered a final order on the Second DIP Motion (the "Final DIP Order") [Docket No. 256] which authorized financing of up to $15 million (the "DIP Facility"), inclusive of the initial $3.15 million in funds. Significantly, each of the Debtors is liable only for the borrowings it makes; neither is jointly and severally liable for the entire commitment under the DIP Facility.

2. Cash Management Motion

On the Petition Date, the Debtors filed the *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain the Cash Management System, (B) Continue Using Existing Checks and Business Forms, (C) Continue Intercompany Arrangements, and (D) Continue Existing Investment and Deposit Practices, and (II) Granting Related Relief* ("Cash Management Motion") [Docket No. 10], seeking authorization to continue to operate under their existing cash management system, maintain existing bank accounts, open and close bank accounts as necessary, use existing business forms and continue to reimburse their affiliates for postpetition expense allocations.

On March 20, 2017, the Bankruptcy Court entered an interim order approving the Cash Management Motion [Docket No. 28], and entered a final order on April 20, 2017 [Docket No. 141].

3. Employee Wage Motion

On the Petition Date, the Debtors filed the *Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, (B) Maintain Employee Benefit Programs and Pay Related Administrative Obligations, and (C) Pay Independent Contractor Obligations, (II) Directing Financial Institutions to Receive, Process, Honor, and Pay All Checks Presented for Payment and to Honor All Fund Transfer Requests Related to Such Obligations, and (III) Granting Related Relief* (the "Employee Wage Motion") [Docket No. 7], seeking to pay any outstanding prepetition wages and amounts owed under employee benefit plans. The Employee Wage Motion also sought to continue employee benefit plans postpetition in the ordinary course of business in accordance with prepetition practices.

On March 23, 2017, the Bankruptcy Court entered an interim order approving the Employee Wage Motion [Docket No. 64], and entered a final order on April 20, 2017 [Docket No. 139].

4. Insurance Motions

On the Petition Date, the Debtors filed the *Emergency Motion for Entry of an Order Authorizing the Debtors to Pay Prepetition Amounts Arising Under Insurance Policies* (the

"Insurance Motion") [Docket No. 8], seeking authorization to pay any prepetition amounts owed with respect to their insurance policies. On March 20, 2017, the Bankruptcy Court entered an order approving the Insurance Motion [Docket No. 8].

Since many of the insurance policies were scheduled to expire on March 27, 2017, the Debtors needed to renew such insurance policies and, as such, filed the *Emergency Motion for Entry of Interim and Final Orders Authorizing the Debtors' Entry Into Insurance Premium Financing Agreement Nunc Pro Tunc to March 27, 2017* [Docket No. 115] (as supplemented by Docket No. 167, the "Insurance Premium Financing Motion"), seeking authorization to enter into insurance premium financing arrangements to pay for the premiums of the renewed insurance policies. On May 2, 2017, the Bankruptcy Court entered an order approving the Insurance Premium Financing Motion [Docket No. 189].

5. Utility Motion

On the Petition Date, the Debtors filed the *Emergency Motion For Entry of Interim and Final Orders Providing Adequate Assurance of Utility Payments* (the "Utility Motion") [Docket No. 9], seeking entry of interim and final orders prohibiting utility companies from altering, refusing or discontinuing services and approving the adequate assurance proposed to be provided to the utility companies. On March 20, 2017, the Bankruptcy Court entered an interim order approving the Utility Motion [Docket No. 27], and entered a final order on April 20, 2017 [Docket No. 140].

B. Other Significant Pleadings Filed Since the Petition Date

1. Critical Vendor Motion

On May 2, 2017, MOI filed the *Emergency Motion for Entry of Interim and Final Orders Authorizing Debtor Montco Offshore, Inc. to Pay or Honor Prepetition Obligations to Critical Vendors* (the "Critical Vendor Motion") [Docket No. 184] seeking authorization to pay certain claims of vendors determined to be absolutely critical to the MOI's business operations. On May 25, 2017, the Bankruptcy Court entered an order [Docket No. 257] approving the Critical Vendor Motion and authorizing up to $2.5 million in aggregate critical vendor payments.

2. Exclusivity Extension Motions

On July 7, 2017, the Debtors filed the *Emergency Motion for Entry of an Order Extending Exclusivity Periods Pursuant to Bankruptcy Code Section 1121* (the "Exclusivity Extension Motion") [Docket No. 313] seeking the extension of the period during which the Debtors have the exclusive right to file a chapter 11 plan or plans (and the solicitation thereof). On July 17, 2017, the Bankruptcy Court entered an order approving the Exclusivity Extension Motion [Docket No. 329] and extended the plan filing exclusivity period for the Debtors to September 13, 2017, and the solicitation exclusivity period to November 13, 2017. On August 22, 2017, the Debtors filed their second *Motion for Entry of an Order Extending Exclusivity Periods Pursuant to Bankruptcy Code Section 1121* [Docket No. 411] (the "Second Exclusivity Extension Motion"). On September 13, 2017, the Bankruptcy Court entered an order approving the Second Exclusivity Extension Motion [Docket No. 424] and further extended the plan filing exclusivity period to October 13, 2017, and the solicitation exclusivity period to December 13,

2017. On October 12, 2017, the Debtors filed their third *Motion for Entry of an Order Extending Exclusivity Period Pursuant to Bankruptcy Code Section 1121* [Docket No. 486] (the "Third Exclusivity Extension Motion"). On November 6, 2017, the Bankruptcy Court entered *Order Granting Debtors' Motion for Entry of an Order Extending Exclusivity Period Pursuant to Bankruptcy Code Section 1121* [Docket No. 554] further extending the plan filing exclusivity period to November 13, 2017. On November 13, 2017, the Debtors filed their fourth *Motion for Entry of an Order Extending Exclusivity Periods Pursuant to Bankruptcy Code Section 1121* [Docket No. 605] (the "Fourth Exclusivity Motion"), seeking an extension for the plan filing exclusivity period from November 13, 2017 through and including December 13, 2017, and extending the solicitation exclusivity period from December 13, 2017 through and including January 12, 2017. On December 4, 2017, the Bankruptcy Court entered *Order Extending Exclusivity* [Docket No. 682] (the "December 4 Order Extending Exclusivity") further extending the plan exclusivity deadline through the conclusion of a hearing scheduled for December 7, 2017. On the record of the hearing held on December 7, 2017, the Bankruptcy Court extended the December 4 Order Extending Exclusivity through December 12, 2017. On the record of the hearing held on December 12, 2017, the Bankruptcy Court continued the hearing on the Fourth Exclusivity Motion until December 21, 2017. On the record of a hearing held on December 21, 2017, the Bankruptcy Court further extended the plan exclusivity deadline through the conclusion of the Confirmation Hearing and entered an *Order Extending Exclusivity* [Docket No. 729].

C. Schedules and Statements

Pursuant to the Bankruptcy Court's *Order Under 11 U.S.C. §§ 105(a) and 521 and Fed. R. Bankr. P. 1007 Extending Time for Debtors to File Their Schedules of Assets and Liabilities and Statement of Financial Affairs* [Docket No. 25], the deadline for the Debtors to file their Schedules of Assets and Liabilities (the "Schedules") and Statements of Financial Affairs (the "Statements") was April 24, 2017. On that date, the Debtors filed their Schedules [Docket Nos. 157 and 158] and Statements [Docket Nos. 159 and 160]. The Schedules and Statements can be viewed free of charge on the Case Website.

D. Retention of Professionals

The Debtors obtained approval for the retention of various professionals to assist in their Chapter 11 Cases, as follows:

1. Claims and Noticing Agent

On April 20, 2017, the Bankruptcy Court entered the *Order Approving and Authorizing Debtors' Employment of BMC Group, Inc. as Claim, Noticing, and Balloting Agent and Approving Form and Manner of Service of Notice of Commencement* [Docket No. 138], authorizing the Debtors to retain BMC Group, Inc. (the "Notice and Claims Agent") to perform certain claims, noticing, and balloting functions in their respective chapter 11 cases and maintain the Case Website.

2. Legal Counsel

On May 2, 2017, the Bankruptcy Court entered the *Order Authorizing the Retention and Employment of DLA Piper LLP (US) as Counsel to the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 185], authorizing the retention of DLA Piper LLP (US) ("DLA") as the Debtors' counsel in these chapter 11 cases.

On November 13, 2017, the Bankruptcy Court entered the *Order Authorizing the Retention and Employment of Drinker Biddle & Reath LLP as Counsel to the Debtors Nunc Pro Tunc to September 26, 2017* [Docket No. 604], authorizing the retention of Drinker Biddle & Reath LLP ("Drinker") as the Debtors' co-counsel in these chapter 11 cases.

3. Financial Advisor and Investment Banker

Prior to the Petition Date, the Debtors engaged Blackhill Partners, LLC ("Blackhill") as financial advisor and investment banker, to advise Montco on certain out-of-court restructuring alternatives with respect to the Vessels. Once the Debtors commenced these chapter 11 cases, they desired to continue that relationship with Blackhill and transition into chapter 11 in as seamless a manner as possible. As such, the Debtors sought approval to retain Blackhill as their financial advisor and investment banker [Docket No. 107]. However, once it became clear to the Debtors that the pending Black Elk Adversary Proceeding, involving MOC, could complicate the relationship between the Debtors and Blackhill, and following certain responses to Blackhill's proposed retention by the Creditors' Committee and certain other parties in interest, the Debtors moved forward with the Blackhill retention application only for purposes of retaining Blackhill for the period from the Petition Date through May 18, 2017. On June 5, 2017, after a hearing on the matter, the Bankruptcy Court entered the *Order (I) Authorizing the Retention and Employment of Blackhill Partners, LLC as Financial Advisor and Investment Banker for the Debtors and Debtors in Possession Pursuant to 11 U.S.C. §§ 327(a) and 328(a), Nunc Pro Tunc to the Petition Date Through May 18, 2017, (II) Waiving Certain Time-Keeping Requirements, and (III) Granting Related Relief* [Docket No. 273], approving Blackhill's retention solely for the period from the Petition Date through May 18, 2017.

Subsequently, the Debtors sought approval to retain Houlihan Lokey Capital, Inc. ("Houlihan") as their financial advisor and investment banker, *nunc pro tunc* to June 8, 2017. On July 18, 2017, the Bankruptcy Court entered the *Order (I) Authorizing the Retention and Employment of Houlihan Lokey Capital, Inc. as Financial Advisor and Investment Banker for the Debtors and Debtors in Possession Pursuant to 11 U.S.C. §§ 327(a) and 328(a), Nunc Pro Tunc to June 8, 2017, (II) Waiving Time-Keeping Requirements, and (III) Granting Related Relief* [Docket No. 337], authorizing the retention of Houlihan as financial advisor and investment banker. The transition from Blackhill to Houlihan was smooth, professional and cooperative, and all parties worked tirelessly to ensure that the Debtors' continued efforts to work toward a plan(s) and emergence from chapter 11 would not be significantly impeded by the change of advisors.

4. Broker (Vessels)

On June 21, 2017, MOI sought approval of the retention of Clarkson's Platou (Offshore) Limited ("Clarkson's Platou") [Docket No. 294] as its broker for the sale of the Vessels. On July 18, 2017, the Bankruptcy Court entered the *Order Authorizing the Retention and Employment of Clarksons Platou (Offshore) Limited as Broker for Debtor Montco Offshore, Inc. Nunc Pro Tunc to May 26, 2017* [Docket No. 336], authorizing the retention of Clarkson's Platou as MOI's broker, subject to the requirement that there be no duplication or overlap of efforts between Clarkson's Platou and Houlihan.

E. Creditors' Committee

On March 29, 2017, the U.S. Trustee appointed the official committee of unsecured creditors (the "Creditors' Committee") [Docket No. 82]. On May 30, 2017, the U.S. Trustee reconstituted the Creditors' Committee [Docket No. 269]. The Committee is currently composed of the following members: (i) Offshore Specialty Fabricators, LLC, (ii) Deepcor Marine, Inc., (iii) Aqueos Corporation, (iv) Proserv Operations, Inc., (v) G & J Land and Marine Food Distribution, Inc., (vi) Ecoserv, LLC, and (vii) B & J Martin, Inc. The Committee has retained Porter Hedges LLP as its legal counsel and Alvarez & Marsal North America, LLC as its financial advisor.

F. The First Bidding Procedures Motion

On June 23, 2017, MOI filed the *Motion of Debtor Montco Offshore, Inc. for an Order (I) Approving Term Sheet with SEACOR LB Holdings LLC in Connection With Proposed Transaction to Act as Sponsor of Montco Offshore, Inc.'s Plan of Reorganization; (II) Approving Bidding Procedures Governing Submission and Consideration of Competing Plan Sponsorship Proposals; (III) Approving Break-Up Fee; (IV) Scheduling and Authorizing Montco Offshore, Inc. to Conduct an Auction Pursuant to Such Procedures; (V) Approving the Form and Manner of Notice Thereof and (VI) Granting Related Relief* (the "First Bidding Procedures Motion") [Docket No. 302], seeking approval of a plan term sheet (the "Stalking Horse Bid") with SEACOR LB Holdings LLC as the stalking horse ("the "Stalking Horse"), which was subject to higher and better bids, and approving bidding and auction procedures for other parties in interest to submit competing bids.

Several parties in interest filed objections and responses to the First Bidding Procedures Motion, and a hearing was held on the motion on August 3, 2017 (the "First Bidding Procedures Hearing"). Certain modifications to the proposed order were made on the record at the First Bidding Procedures Hearing, and the Bankruptcy Court orally approved the First Bidding Procedures Motion on the record, subject to those modifications. A revised proposed order, inclusive of the modifications agreed to on the record, was then filed on August 7, 2017 [Docket No. 390], and the Bankruptcy Court formally entered an order on August 10, 2017 (the "First Bidding Procedures Order") [Docket No. 394].

The First Bidding Procedures Order set forth specific requirements for potential bidders to submit competitive bids against the Stalking Horse Bid no later than 4:00 p.m. (prevailing Central time) on August 24, 2017 (the "Bid Deadline"), with an auction (the "Auction") to be

held, if necessary, on August 29, 2017 in Houston, Texas. No competing bids to the Stalking Horse Bid were received by the Bid Deadline. On August 28, 2017, MOI filed a Notice of Cancellation of Auction [Docket No. 413], and declared SEACOR the Winning Bidder (as defined in the Bidding Procedures Order).

G. The Prior Plan and Disclosure Statement

On September 26, 2017, the Debtors filed the Plan of Reorganization of Debtor Montco Offshore, Inc. and Plan of Liquidation of Montco Oilfield Contractors, LLC Under Chapter 11 of the Bankruptcy Code [Docket No. 439] (as amended, the "Prior Plan") and a disclosure statement in connection therewith [Docket No. 440] (as amended, the "Prior Disclosure Statement"). The Prior Plan contemplated the transaction described in Article I.B hereof. Specifically, the Prior Plan contemplated the creation of Falcon JV and Falcon USA to own, hold, and operate the assets of MOI contributed thereto and additional assets contributed thereto by SEACOR. The Prior Plan further contemplated that Falcon JV would receive contributions from each of MOI and SEACOR, a subset of which would then be contributed to Falcon USA Sub, with approximately 70% of the equity ownership in Falcon JV held by SEACOR and approximately 30% of the equity ownership in Falcon JV held by MOI from and after the effective date of the Plan.

On October 6, 2017, the Court entered the Scheduling Order conditionally approving the Prior Disclosure Statement, and permitting the Debtors to commence solicitation of the Prior Plan. The Scheduling Order also scheduled a hearing to consider confirmation of the Plan and final approval of the Disclosure Statement (the "Prior Confirmation Hearing") for November 13, 2017, at 9:30 a.m. (prevailing Central Time), established October 31, 2017, at 4:00 p.m. (prevailing Central Time) as the voting deadline for the Prior Plan (the "Prior Voting Deadline"),[2] and established November 7, 2017, at 4:00 p.m. (prevailing Central Time) as the objection deadline for the Prior Plan and Prior Disclosure Statement and approved certain solicitation and tabulation procedures.

Following the November 8 Ruling (defined below), on November 9, 2017, the Debtors filed their Emergency Motion for Entry of an Order Continuing the Confirmation Hearing [Docket No. 585] requesting a continuation of the Prior Confirmation Hearing while the Debtors engaged in discussions with SEACOR, in its capacity as Plan Sponsor, the First Lien Lenders, and the Creditors' Committee to determine what changes, if any, needed to be made to the Prior Plan or otherwise, in order to effectively emerge from chapter 11. On the same day, the Court entered an order continuing the Prior Confirmation Hearing to November 20, 2017 [Docket No. 586].

On November 15, 2017, the Debtors filed their *Emergency Motion for Entry of an Order Further Continuing the Confirmation Hearing* [Docket No. 615] requesting a further continuation of the Prior Confirmation Hearing while the described discussions continued. On November 16, 2017, the Court entered an order continuing the Prior Confirmation Hearing to November 29, 2017 [Docket No. 625].

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[2] Pursuant to a Stipulation by and among the Debtors, the Committee and the US Trustee, as so-ordered by the Court on November 8, 2017 [Docket No. 575], the Prior Voting Deadline was extended to November 7, 2017 at 4:00 p.m. (prevailing Central Time).

On November 28, 2017, the Debtors filed the *Notice of Withdrawal of Debtors' Plan and Disclosure Statement* (the "Notice of Withdrawal") [Docket No. 641], and thereby withdrew the Prior Plan and the Prior Disclosure Statement. On the record of the hearing held on December 7, 2017, the Bankruptcy Court granted the Debtors' oral motion to withdraw the Notice of Withdrawal [Docket No. 694].

H. Black Elk Related Matters

1. Debtors' Postpetition Efforts to Complete Work Under the Black Elk Contract

As detailed in Section IV above, MOC encountered several significant issues related to the Black Elk Contract, from field-level issues related to the scope of work as well as issues related to the payment mechanisms under the agreement. This caused delays in releases of bond collateral and payments, which contributed to mounting pressure from MOC's subcontractors to be paid. Certain counterparties have filed proofs of claim in these Chapter 11 Cases in an undetermined amount against one or both of the Debtors. Notwithstanding these issues, MOC, both pre- and post-petition, proactively considered ways in which it could finish the P&A work under the Black Elk Contract for the agreed turnkey prices without creating further payment risks for its subcontractors and vendors.

To that end, prior to the commencement of these Chapter 11 Cases, MOC reached out to representatives from BSEE, BOEM, the Department of Justice, as well as Argo, to discuss a comprehensive plan to complete the work while streamlining payments to subcontractors and vendors so that they could be assured of timely and consistent payments. Also, a postpetition meeting with those representatives took place in late March and thereafter, the Debtors were informed that the government was working to obtain necessary approvals to move forward with the framework discussed at that meeting. Parties in interest continued to negotiate terms for a go-forward deal on the outstanding P&A work through June 2017, but ultimately could not reach mutually acceptable terms.

2. Black Elk's Motion to Compel Assumption or Rejection of Black Elk Contract

On April 11, 2017, Richard Schmidt, Trustee for the Black Elk Liquidating Trust in the Black Elk Case (the "Black Elk Trustee"), filed an *Emergency Motion Requesting Order Requiring Debtors to Assume or Reject Executory Contract, or, in the Alternative, for Relief From the Automatic Stay* [Docket No. 114] (the "Black Elk Motion") in these Chapter 11 Cases alleging that the Debtors breached the Black Elk Contract and seeking an order either (i) requiring the Debtors to either assume or reject the Black Elk Contract, or (ii) modifying the automatic stay to permit the Trustee to terminate the Black Elk Contract as a result of the Debtors' default.

The Debtors filed an objection [Docket No. 133] to the Black Elk Motion and the court entered an order [Docket No. 248] allowing the parties to reach a resolution by May 25, 2017. To the extent an agreement could not be reached – which it could not – the order provided that the automatic stay would be lifted to permit the parties to exercise termination and other rights

and remedies under the Black Elk Contract. Ultimately, the Black Elk Trustee opted to utilize the services of JAB Energy Solutions, LLC ("JAB") to complete the remaining P&A work. The Debtors' proposal to the Black Elk Trustee would have provided a path to completion of the work under the Black Elk Contract for the contract price while only modifying the payment terms. In the Debtors' view, JAB's proposal is less favorable and more costly to the Black Elk Trustee.

3. Black Elk Adversary Proceeding

On May 18, 2017, MOC filed a complaint (as amended, the "Complaint") commencing an adversary proceeding against Black Elk and various other parties, styled *Montco Oilfield Contractors, LLC v. Black Elk Energy Offshore Operations, LLC, et al.*, Adversary No. 17-03249 (the "Black Elk Adversary Proceeding") seeking to recover amounts that MOC believes are due from the defendants that reflect both unpaid amounts under the Black Elk Contract, and damages associated with performing the extra-contractual work resulting from undisclosed liabilities that required remediation before decommissioning.

Various defendant parties filed motions to dismiss and the Bankruptcy Court held a hearing on August 21, 2017 to consider further arguments. At the August 21, 2017 hearing, the Bankruptcy Court indicated that it would issue a written ruling with respect to the motions to dismiss, and that it would likely permit MOC to re-plead certain allegations, if necessary, to address certain deficiencies in the Complaint identified by the Bankruptcy Court.

On October 3, 2017, the Bankruptcy Court issued its Memorandum Opinion [Adv. Pro. Docket No. 146] and Order [Adv. Pro. Docket No. 147] dismissing Count I, without prejudice (Breach of Contract For Failure to Remit Payment for Completed Work), Count III (Breach of Contract for Extra-Contractual Work), Count IV (Quantum Meruit for Failure to Pay for Extra-Contractual Work); and Count VI (Declaratory Judgment) of MOC's Complaint as to all defendants; dismissing Count II (Breach of Contract for Failure to Indemnify) as to all defendants except Black Elk; and permitting MOC to replead Count V (Misrepresentations Made to Montco During Negotiation and Bidding for Black Elk Contract). MOC intends to replead the allegations set forth in Count V and continue to prosecute its claims against Black Elk under Count II. MOC will also consider all appeal options in connection with the dismissal of Counts I, II (as to defendants other than Black Elk), III, IV and VI.

I. Maritime Lien Complaint

On September 22, 2017, MOI filed the *Original Complaint and Objection to Claims* commencing an adversary proceeding, Adv. No. 17-03402 (the "Lienholder Litigation"), against Alliance Energy Services, LLC, Oceaneering International, Inc., C&G Welding, Inc. and Aqueos Corporation (collectively, the "Lienholder Defendants"). The Lienholder Defendants filed proofs of claim asserting perfected maritime liens on the Vessels. These Lienholder Defendants asserted their liens under Commercial Instruments and Maritime Liens Act ("CIMLA") based upon their allegedly having provided "necessaries" (a term of art) to some or all of the Vessels.

MOI commenced the Lienholder Litigation seeking a declaration regarding the validity, priority, and extent of the Lienholder Defendants' asserted liens. MOI asserted that substantially

all of the activities giving rise to the alleged debts set forth in the Lienholder Defendants' proofs of claims were not lienable because such activities did not involve providing "necessaries" to the vessels, which CIMLA defines to include "repairs, supplies, towage, and the use of a dry dock or marine railway." 46 U.S.C. § 31301. MOI further asserted that none of the Lienholder Defendants relied on the credit of either the Vessels or their owner (i.e., MOI) when they performed services for MOC, but instead relied on the credit of MOC.

At a status conference held on October 3, 2017, the Bankruptcy Court acknowledged that the Lienholder Litigation would likely not reach a conclusion prior to the Confirmation Hearing. As such, the Court directed the Debtors to file a motion with respect to any Claims that would need to be estimated for purposes of allowance prior to the Confirmation Hearing, including the Claims of the Lienholder Defendants, no later than October 17, 2017. The Court also scheduled an estimation hearing for November 6, 2017.

On October 16, 2017, the Debtors filed their *Motion for Entry of an Order Estimating Secured Claims of C&G Welding, Inc., Alliance Energy Services, LLC, Oceaneering International, Inc., and Aqueos Corporation for Purposes of Allowing Plan Confirmation to Proceed* [Docket No. 494] (the "Estimation Motion") seeking to estimate and temporarily allow in an amount equal to zero dollars ($0) the alleged secured claims (the "Asserted Maritime Lien Claims") asserted by each of C&G Welding, Inc., Alliance Energy Services, LLC, Oceaneering International, Inc., and Aqueos Corporation. In the Estimation Motion, in addition to challenging the Lienholder Defendants' assertions under CIMLA, the Debtors asserted that because the value of the Vessels is substantially less than the obligations under the DIP Facility and First Lien Credit Agreement, then the Lienholder Defendants at best would be entitled to an unsecured deficiency claim.

At a hearing held on November 6, 2017, the Court found that the Debtors failed to carry their burden of proof in connection with the valuation of the Vessels. Furthermore, in a bench ruling on November 8, 2017 (the "November 8 Ruling"), the Court denied the Debtors' Estimation Motion and ordered the Asserted Maritime Lien Claims be estimated for voting purposes as secured claims in the amounts in which they were filed.

J. The Second Bidding Procedures Motion

Following the November 8 Ruling, in order to avoid the litigation risk attendant with the pursuit of litigation on the merits of the Lienholder Litigation and after discussions with its advisors and certain of its key constituencies, MOI concluded that it had no viable alternative other than to sell all or substantially all of its assets free and clear of liabilities pursuant to section 363 of the Bankruptcy Code. Accordingly, on November 24, 2017, MOI filed the *Emergency Motion for an Order (I) Approving (A) Bidding Procedures Governing Submission and Consideration of Competing Transactions, (B) Bid Protections, (C) Form and Manner of Notice of Sale Transaction and Sale Hearing, and (D) Assumption and Assignment Procedures for any Transferred Contracts; (II) (A) Scheduling and Authorizing Debtor to Conduct an Auction Pursuant to the Bidding Procedures, and (B) Authorizing Debtor to Enter into the Purchase Agreement to Implement the Bidding Protections; (III) Authorizing (A) the Sale of the Purchased Assets Free and Clear of all Liens, Claim, Encumbrances, and other Interests, and (B) the Assumption and Assignment of any Transferred Contracts; and (iv) Granting Related Relief* (the

"Second Bidding Procedures Motion") [Docket No. 637], seeking approval of a proposed transaction with Falcon USA Sub as the stalking horse, which was subject to higher and better bids, and approving bidding and auction procedures for other parties in interest to submit competing bids.

Several parties in interest filed objections and responses to the Second Bidding Procedures Motion, and a hearing was held on the motion on December 4, 2017 (the "Second Bidding Procedures Hearing"). Following a discussion on the record of the Second Bidding Procedures Hearing regarding an alternative transaction potentially acceptable to the objecting parties, the Bankruptcy Court continued the Second Bidding Procedures Hearing to December 7, 2017 [Docket No. 694]. On the record of the hearing held on December 7, 2017, the Bankruptcy Court further continued the Second Bidding Procedures Hearing to December 12, 2017. On the record of the hearing held on December 12, 2017, the Bankruptcy Court further continued the Second Bidding Procedures Hearing until December 21, 2017. On the record of the hearing held on December 21, 2017, the Bankruptcy Court further continued the Second Bidding Procedures Hearing until January 18, 2018.

K. The Mediation

On the record of the hearing held on December 12, 2017, the Bankruptcy Court granted an oral motion made by the Creditors' Committee and ordered that certain parties in interest mediate certain matters as described on the record of the hearing (the "Dispute"). The Bankruptcy Court directed the parties to submit an order on an emergency basis to approve a mediator. The Bankruptcy Court further directed that a representative of each of the parties in interest having the necessary authority to settle the Dispute were to be present at the mediation, and that the mediation must take place prior to December 19, 2017 or, if there were no agreement on a date, on December 19, 2017.

On December 18, 2017, the Court entered the *Order Regarding Mediation* (the "Mediation Order") [Docket No. 718], referring the matter, at the parties' request, to Ms. Sylvia Mayer, Esq. for mediation. Pursuant to the Mediation Order, a representative of each of (i) the Debtors; (ii) the Creditors' Committee; (iii) the First Lien Lenders and DIP Lenders; (iv) Lee Orgeron; (v) Alliance Energy Services, LLC; (vi) Aqueos Corporation; (vii) Bollinger Shipyards LLC; (viii) C&G Welding, Inc.; (ix) Oceaneering International, Inc.; (x) Odyssea Marine, Inc.; and (xi) Oil States Skagit Smatco, LLC. Pursuant to the Mediation Order, mediation commenced on December 19, 2017. The parties mediated in good faith through and including December 23, 2017, at which time all of the parties reached agreement on a revised Plan (the "Agreement"). The terms of the Agreement are (x) incorporated in the Plan, and (b) set forth in the material terms of the Alliance Settlement Agreement attached to the Plan as **Exhibit A**.

VI. MEANS FOR IMPLEMENTATION OF THE PLAN

PROVISIONS SPECIFIC TO THE REORGANIZED DEBTOR (MOI)

A. Contribution of Assets to Falcon JV and/or Falcon USA Sub

On the Effective Date, (i) MOI (or the Reorganized Debtor) will contribute the MOI Contribution Assets to the Falcon JV (a subset of which will then be contributed to Falcon USA

Sub), and (ii) the Plan Sponsor will contribute the Plan Sponsor Contribution Assets to the Falcon JV (a subset of which will then be contributed to Falcon USA Sub), in each case pursuant to the terms and conditions of the Contribution Agreement. The MOI Contribution Assets and the Plan Sponsor Contribution Assets shall be contributed to the Falcon JV free and clear of all Liens, Claims and encumbrances (other than the Liens securing (A) the Exit Facility; (B) with respect to the contribution to the Falcon JV of the ownership interests in Montco Global, LLC and SEACOR LB Offshore (MI), LLC, the Loan Agreement, dated as of August 3, 2015, as amended or modified from time to time, providing for a Senior Secured Term Loan, by and between Falcon Global LLC, Falcon Pearl LLC and Falcon Diamond LLC, as joint and several borrowers, DNB Markets, Inc., Clifford Capital Pte. Ltd. and NIBC Bank N.V., as mandated lead arrangers, DNB Markets, Inc., as book runner, DNB Bank ASA, New York Branch, as facility agent and security trustee, and the lenders party thereto; and (C) with respect to the contribution to the Falcon JV of the ownership interests in C-Lift LLC, (I) the Credit Agreement, dated as of June 6, 2013, as amended or modified from time to time, providing for a Senior Secured Credit Facility, by and between SEACOR Eagle, LLC, as borrower, DNB Bank ASA, as facility agent and security trustee, and the lenders party thereto, and (II) the Credit Agreement, dated as of June 6, 2013, as amended or modified from time to time, providing for a Senior Secured Credit Facility, by and between SEACOR Hawk, LLC, as borrower, DNB Bank ASA, as facility agent and security trustee, and the lenders party thereto), except as otherwise provided in the Contribution Agreement, which shall be authorized in the Confirmation Order. The contribution of each of the MOI Contribution Assets and the Plan Sponsor Contribution Assets to the Falcon JV shall be deemed to be an admiralty sale, pursuant to 46 U.S. Code § 31326, and is free and clear of all Liens, Claims and encumbrances (other than as described in the immediately preceding sentence).

B. Exit Facility

On the Effective Date, Falcon USA Sub shall enter into the Exit Facility Documents evidencing the Exit Facility, secured by Liens on all of Falcon USA Sub's assets (including the Orgeron Note) and guaranteed by, and secured by all of the assets of, each of the subsidiaries of Falcon USA Sub. In addition, the Exit Facility will be guaranteed by SEACOR Marine Holdings Inc. up to the amount of interest accruing during the first two years of the Exit Facility. The Confirmation Order shall provide the attachment and automatic perfection of the Liens securing the Exit Facility.

C. Falcon JV Common Equity

On the Effective Date, the Reorganized Debtor and the Plan Sponsor shall collectively receive 100% of the Common Units, which shall be allocated between them in proportion to the respective value of the MOI Contribution Assets and the Plan Sponsor Contribution Assets (net of related liabilities), as more fully described in the Contribution Agreement and the JV Agreement.

It is currently expected that, as of the Effective Date, the Reorganized Debtor will own not less than 25% of the Common Units in Falcon JV; provided, however that the percentage ownership of Common Units of each of the Reorganized Debtor and the Plan Sponsor, as of the

Effective Date, shall be subject to final determination pursuant to the terms and conditions of the Contribution Agreement and the JV Agreement.

D. Employment Terms

The Employment Terms, when taken as a whole, shall reflect terms that are no better than what is customary in the applicable market and shall be consistent with the Plan Sponsor's past practices. The Debtors shall disclose the Employment Terms to counsel to the Creditors' Committee (on a confidential basis) at least seven (7) days prior to the Confirmation Hearing. To the extent that any of the Employment Terms are not finally determined by the Plan Sponsor as of such date, MOI or the Reorganized Debtor, as applicable, shall disclose to counsel to the Creditors' Committee or the Liquidating Trustee (each on a confidential basis), as applicable, such Employment Terms promptly following the date on which such terms are finally agreed upon. Additionally, the Reorganized Debtor shall disclose to the Liquidating Trustee on a confidential basis, any material modifications to and/or payments that are inconsistent with the Employment Terms (including bonuses or other types of incentive compensation) substantially contemporaneous with such modifications and/or payments. Notwithstanding the foregoing, the restrictions set forth in this section, including all reporting requirements, concerning the Employment Terms shall terminate upon the Trust Disbursement Termination Date.

E. Rights and Powers of the Reorganized Debtor

The Reorganized Debtor shall be deemed the MOI Estate's representative in accordance with section 1123 of the Bankruptcy Code and shall have all the rights and powers set forth in the Plan.

The Reorganized Debtor shall be authorized and empowered as a representative of the MOI Estate to institute, prosecute, settle, compromise, abandon or release all MOI Causes of Action that are not contributed to the Falcon JV pursuant to the terms and conditions of the Contribution Agreement, at its own expense, provided, however, that the Reorganized Debtor shall not release any Causes of Action with respect to the Orgeron Note without the express written consent of the Exit Facility Lenders. The Reorganized Debtor shall be authorized and empowered as a representative of the MOI Estate and shall have the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004, including, without limitation, the right to: (i) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan; (ii) liquidate any assets not contributed to the Falcon JV or Falcon USA Sub; (iii) make Distributions to holders of Allowed Claims against MOI in accordance with the Plan; (iv) object to Disputed Claims filed against MOI and prosecute, settle or otherwise resolve such objections; (v) establish and administer any reserves for Disputed Claims that may be required; (vi) perform administrative services related to implementation of the Plan; and (vii) complete and file the federal, state and local tax returns, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of MOI or its Estate for any tax incurred during the administration of the Chapter 11 Case, as determined under applicable tax laws.

F. Directors/Officers of the Reorganized Debtor on the Effective Date

On the Effective Date, the directors and executive officers of MOI who served immediately prior to the Effective Date will serve as the directors and officers of the Reorganized Debtor, and their identities are disclosed in the Plan Supplement.

G. Transfer and Vesting of Property of MOI

On the Effective Date, MOI shall become the Reorganized Debtor. In connection therewith, on the Effective Date, all of MOI's rights, title and interests in all property of the Estate, whether it be real or personal (except for any property transferred to the Falcon JV or Falcon USA Sub or any of their subsidiaries pursuant to the Contribution Agreement or this Plan, which is governed by Article IV.A and Article VII.A of the Plan), shall automatically vest in the Reorganized Debtor free and clear of all Claims, Liens and encumbrances. For the avoidance of doubt, MOI's rights, title and interests in that certain adversary proceeding styled *Montco Offshore, Inc. v. Alliance Energy Services, LLC, Oceaneering International, Inc., C&G Welding, Inc., and Aqueos Corporation*, Adv. Proc. No. 17-03402, which adversary proceeding shall be dismissed with prejudice on the Effective Date, shall not be transferred to the Falcon JV or Falcon USA Sub or otherwise vest in the Reorganized Debtor.

H. Orgeron Note

Notwithstanding anything to the contrary in the Plan, Lee Orgeron shall not be released from his obligations under the terms of the Orgeron Note, and the Orgeron Note shall continue to be secured by the collateral described in the Orgeron Note.

PROVISIONS SPECIFIC TO THE LIQUIDATING DEBTOR (MOC)

I. Establishment of Liquidating Trust

On the Effective Date, the Liquidating Trustee shall sign the Liquidating Trust Agreement and, in his or her capacity as Liquidating Trustee, accept all Liquidating Trust Assets on behalf of the beneficiaries thereof, and be authorized to obtain, seek the turnover, liquidate, and collect all of the Liquidating Trust Assets not in his or her possession. The Liquidating Trust will then be deemed created and effective without any further action by the Bankruptcy Court or any Person as of the Effective Date. Thereupon, the Debtors shall not have any interest in or with respect to the Liquidating Trust Assets.

The Liquidating Trust shall be established for the purposes of (i) liquidating any non-Cash Liquidating Trust Assets; (ii) prosecuting and resolving the MOC Causes of Action; (iii) maximizing recovery of the Liquidating Trust Assets for the benefit of the beneficiaries thereof; (iv) objecting to Claims; and (v) distributing the proceeds of the Liquidating Trust Assets to the beneficiaries in accordance with the Plan and the Liquidating Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary for, and consistent with, the liquidating purpose of the Liquidating Trust.

J. Appointment of the Liquidating Trustee

The Liquidating Trustee shall be selected by the Creditors' Committee, after consultation with the Liquidating Debtor, and appointed pursuant to the Confirmation Order. Following appointment, the Liquidating Trustee shall act only in accordance with the Plan and the Liquidating Trust Agreement, and in such capacity shall have the same powers as the board of directors and officers of the Liquidating Debtor, subject to the provisions hereof and of the Liquidating Trust Agreement (and all bylaws, articles of incorporation and related corporate documents are deemed amended by this Plan to permit and authorize the same). The Liquidating Trustee may be removed at any time by the Liquidating Trust Committee, with or without cause, upon at least ten (10) days' prior written notice to the United States Trustee and the Liquidating Trustee. In the event of resignation or removal, death or incapacity of the Liquidating Trustee, the Liquidating Trust Committee shall designate another Person or Entity to serve as Liquidating Trustee and thereupon the successor Liquidating Trustee, without any further act or need for an order of the Bankruptcy Court, shall become fully vested with all of the rights, powers, duties and obligations of the predecessor; provided, however, that the Liquidating Trustee shall be deemed removed on the date that MOC's Chapter 11 Case is closed, and no successor thereto shall be designated. The Liquidating Trustee shall be entitled to compensation payable from the Liquidating Trust Assets as set forth in the Liquidating Trust Agreement.

K. Liquidating Trust Committee

The Liquidating Trust Committee shall be composed of no fewer than five (5) members, selected prior to the Confirmation Date as follows: three (3) members shall be selected by the Creditors' Committee, one (1) member shall be selected by a majority of holders of Class 3 Other Secured Claims, and one (1) member shall be selected by MOI. The Liquidating Trust Committee may authorize its own dissolution by filing with the Bankruptcy Court an appropriate notice that its responsibilities hereunder have concluded. Unless earlier dissolved, the Liquidating Trust Committee shall be dissolved as of the date on which the Liquidating Trust terminates, pursuant to Article IV.V of the Plan.

L. Plan and Liquidating Trust Funding

1. After funding its allocable share of the Professional Fee Reserve, the Reorganized Debtor shall use all Available Cash as of the Effective Date to pay Allowed Administrative Claims and Allowed Priority Claims.

2. Upon satisfaction of the foregoing, remaining Available Cash, if any, shall be used to pay Allowed Other Secured Claims in accordance with Section 3 of Article III.B of the Plan. Notwithstanding the treatment described in Section 3 of Article III.B of the Plan:

(a) if, as of the Effective Date, Available Cash for payment to Allowed Other Secured Claims does not equal or exceed $1.6 million, then holders of Allowed Other Secured Claims (other than the Alliance Secured Claim) shall receive from the Reorganized Debtor or MOI, as applicable, in addition to the treatment described in Section 3 of Article III.B of the Plan, (i) the Additional Assets, *plus* (ii) a payment on a Pro Rata basis (among holders of Allowed Other Secured Claims (other than the Alliance Secured Claim)) by the Reorganized

Debtor or MOI, as applicable, of that portion of the December Interest Payment Amount in an amount necessary to increase Available Cash for payment to Allowed Other Secured Claims to $1.6 million, provided, however, that to the extent the December Interest Payment Amount is not sufficient to increase Available Cash to $1.6 million, the First Lien Lenders and DIP Lenders shall have no obligation to fund additional amounts so that Available Cash is $1.6 million;

(b) if, as of the Effective Date, Available Cash for payment to Allowed Other Secured Claims equals or exceeds $1.6 million, but, as of the date that is 270 days after the Effective Date, holders of Allowed Other Secured Claims have not received an aggregate payment of $3 million, then holders of Allowed Other Secured Claims (other than the Alliance Secured Claim) shall receive from the Reorganized Debtor, in addition to the treatment described in Section 3 of Article III.B of the Plan, (i) the Additional Assets, *plus* (ii) any remaining portion of the December Interest Payment Amount necessary to increase Available Cash for payment to Allowed Other Secured Claims to $3 million in the aggregate (the "Second Backstop Payment"); provided, however, that to the extent any remaining portion of the December Interest Payment Amount is not sufficient to increase Available Cash to $3 million, in the aggregate, the First Lien Lenders and the DIP Lenders shall have no obligation to fund additional amounts so that Available Cash is $3 million. Any remaining amount of the December Interest Payment Amount, after payment, if at all, of the Second Backstop Payment, shall be paid by the Reorganized Debtor to the Exit Facility Lenders for distribution to the First Lien Lenders and the DIP Lenders in amounts equal to their pro-rata portion of the December Interest Payment Amount; and

(c) if Available Cash for payment to Allowed Other Secured Claims equals or exceeds $1.6 on the Effective Date, and if holders of Allowed Other Secured Claims have received an aggregate payment of $3 million as of the date that is 270 days after the Effective Date, then:

(i) the Reorganized Debtor shall pay the December Interest Payment Amount to the Exit Facility Lenders for distribution to the First Lien Lenders and the DIP Lenders in amounts equal to their pro-rata portion of the December Interest Payment Amount;

(ii) the Additional Assets shall vest in the Reorganized Debtor in accordance with Article IV.G of the Plan, provided that, in such case, the Reorganized Debtor shall use best efforts to sell the Additional Assets and, upon such sale, transfer the proceeds, if any, to the Exit Facility Lenders; and

(iii) subject to the prior written consent of the Plan Sponsor, Contributed MOI AR generated between the Confirmation Date and the Effective Date, if any, shall be paid by the Reorganized Debtor to the Falcon JV, provided that, if all or any portion of such Contributed MOI AR is not paid to the Falcon JV in accordance with this subclause (iii), then such portion of such Contributed MOI AR will be paid by the Reorganized Debtor to the Liquidating Trustee to fund the Liquidating Trust.

(d) Notwithstanding the foregoing or any other provision hereof, if the Reorganized Debtor receives the Lafourche Parish Tax Refund on a date that is later than 270 days after the Effective Date, the Reorganized Debtor shall transfer that amount of the Lafourche

Parish Tax Refund equal to the Second Backstop Payment made under Section L.2(b) hereof to the Exit Facility Lenders for distribution to the First Lien Lenders and the DIP Lenders in amounts equal to their pro-rata portion of the December Interest Payment Amount.

3. On the Effective Date, the Liquidating Trust will be initially funded with (a) all Available Cash after accounting for the provisions set forth in Section 1 hereof, if any; (b) all remaining MOC Cash; and (c) additional Cash of $500,000 to be contributed by certain of the Releasees (the "Initial Trust Funding").

4. The Reorganized Debtor shall continue to disburse to the Liquidating Trust until the earliest of (x) a Liquidating Event, provided, however, that following a Liquidating Event, the Reorganized Debtor shall continue to pay the Liquidating Trust the Net Cash Proceeds payable to the Liquidating Trust with respect to such Liquidating Event pursuant to paragraph 4(b) below until all such amounts pursuant to paragraph 4(b) below are paid in full, and (y) the date on which the Liquidating Trust recovers an aggregate total amount to satisfy, in full, all Allowed Other Secured Claims and Allowed General Unsecured Claims (the "Trust Disbursement Termination Date"). Subject to the immediately preceding sentence, the Reorganized Debtor shall fund the Liquidating Trust as follows:

(a) For each year (or any portion of a year) from the Effective Date through the Trust Disbursement Termination Date, the Reorganized Debtor shall pay to the Liquidating Trust solely from, and to the extent of, Available Cash, an annual amount equal to the sum of (A) the product of (i) the Free Cash Flow for such period *multiplied by* (ii) the decimal equivalent of the Reorganized Debtor's percentage ownership of the outstanding Common Units of Falcon JV calculated as of the end of the period for which Free Cash Flow is computed, *plus* (B) the positive difference, if any, between (i) the amount of all tax distributions received by the Reorganized Debtor from Falcon JV during such period *less* (ii) the aggregate amount of federal and state income taxes actually paid by the equity owners of the Reorganized Debtor during such period with respect to their ownership interest in the Reorganized Debtor after the application of any net operating losses, tax credits and other tax benefits available to reduce such taxes. Such annual amount shall be computed annually as of, and for the period ended on, December 31 of each calendar year beginning with the 2018 calendar year, or as of, and for the period ended at, the end of a portion of a calendar year if such payment obligation is terminated prior to December 31 of a year. Each such annual payment by the Reorganized Debtor is herein referred to as an "Annual Free Cash Flow Payment." Each Annual Free Cash Flow Payment shall be paid to the Liquidating Trustee within 30 days after the date such payment is required to be computed; provided, however no Annual Free Cash Flow Payments shall be made to the Liquidating Trust, but shall instead accrue without interest, unless and until the Reorganized Debtor has sufficient Available Cash for payment of such Annual Free Cash Flow Payment, in whole or in part. Each such Annual Free Cash Flow Payment shall be accompanied by a reasonably detailed computation of such payment with explanatory notes reasonably required for a reader to understand the methods used in the computation of such Annual Free Cash Flow Payment, in each case, prepared by Reorganized MOI.

(b) The Reorganized Debtor shall also pay to the Liquidating Trust (if, when and solely to the extent that, the Reorganized Debtor has sufficient Available Cash therefor) all of the Net Cash Proceeds actually received by the Reorganized Debtor and/or its shareholders

and Affiliates in connection with any Liquidating Event, if any, until either (i) all Allowed Other Secured Claims and Allowed General Unsecured Claims have been paid in full, or (ii) the full amount of any such Net Cash Proceeds in respect of such Liquidating Event have been paid to the Liquidating Trust.

(c) From the Effective Date through the Trust Disbursement Termination Date, the Falcon JV (i) shall make distributions of "*Available Cash*" (as defined in the JV Agreement) of Falcon JV, if any, from time to time (but not less frequently than annually), to its respective equity owners, unless the board of managers for the Falcon JV determines that making such distributions is not in the business interest of the Falcon JV, and (ii) shall not knowingly take any action to facilitate a scheme or effort by the Reorganized Debtor to hinder, materially delay payment to, or defraud the Reorganized Debtor's creditors.

(d) From the Effective Date through the Trust Disbursement Termination Date, if, and solely to the extent that, Reorganized Debtor, in its capacity as a holder of Common Units, has voting rights, consent or approval rights with respect to any of the following matters arising pursuant to the terms of the Falcon JV, then the Reorganized Debtor, in its capacity as a holder of Common Units, shall not vote for, consent to or approve any of the following matters without the prior written consent of the Liquidating Trustee, which consent shall not be unreasonably withheld, conditioned or delayed: (i) any proposed amendment to the JV Agreement or other governing documents of Falcon JV, or Falcon JV's direct or indirect subsidiaries, that directly reduces Reorganized Debtor's entitlement to any distribution of cash or property from Falcon JV, or (ii) any distribution of cash or property from Falcon JV to the holders of Common Units in Falcon JV, in respect of such holders' Common Units, in which the Reorganized Debtor's percentage share of such distribution is less than the Reorganized Debtor's percentage ownership of the Common Units (as determined pursuant to the terms and conditions of the JV Agreement) at the time of such distribution.

(e) For so long as funds are or may become payable to the Liquidating Trust pursuant to this paragraph L, the due and punctual payment and performance by the Reorganized Debtor of its obligations under this paragraph L. shall be secured by a first priority, perfected security interest in all equity interests of the Reorganized Debtor outstanding on the Effective Date and thereafter issued by the Reorganized Debtor; provided, however, that the foreclosure of such security interest shall entitle the Liquidating Trust only to a charging order with respect to distributions from the Reorganized Debtor and shall not entitle the Liquidating Trust to become the owner of such equity interests.

(f) Notwithstanding anything herein to the contrary (including, without limitation, the definitions of "Free Cash Flow" and "Annual Free Cash Flow Payment"), nothing in the Plan or Confirmation Order shall govern, amend, modify, change, limit, or affect the terms of any agreement or other arrangement relating to the organization, operation, or governance, of the Falcon JV or any of its direct or indirect subsidiaries (including, without limitation, the Contribution Agreement and JV Agreement and any organizational or other governing documents of any direct or indirect subsidiary of Falcon JV), including, without limitation, that, for the avoidance of doubt, (i) the definition and calculation of each of the Annual Free Cash Flow Payment and Free Cash Flow shall in no event whatsoever be binding on, enforceable against, or create any obligation on the part of, Plan Sponsor or any of its Affiliates or Falcon JV

or any of Falcon JV's direct or indirect subsidiaries, and (ii) the definition of "Free Cash Flow" set forth in Article I.A(68) in the Plan shall be used solely and exclusively for the purposes specifically set forth in the Plan and/or Confirmation Order.

M. Vesting and Transfer of Liquidating Trust Assets to the Liquidating Trust and Retention of MOC Causes of Action

Pursuant to Bankruptcy Code section 1141(b), the Liquidating Trust Assets shall vest in the Liquidating Trust free and clear of all liens, Claims and interests, except as otherwise specifically provided in this Plan or in the Confirmation Order; provided, however, that the Liquidating Trustee may abandon or otherwise not accept any non-Cash Liquidating Trust Assets that the Liquidating Trustee believes, in good faith, have no value to the Liquidating Trust. Any non-Cash Liquidating Trust Assets that the Liquidating Trustee so abandons or otherwise does not accept shall not be property of the Liquidating Trust.

The Liquidating Trust Assets include the MOC Causes of Action. The Liquidating Trustee shall be authorized to prosecute or settle any MOC Causes of Action on behalf of the Liquidating Trust in his sole discretion. The Causes of Action include, but are not limited to, the following:

(a) Avoidance Actions pursuant to chapter 5 of the Bankruptcy Code and state law counterparts, such as claims for preferential and fraudulent transfers, that previously belonged to MOC or its Estate. Avoidance Actions may be brought to recover certain transfers of property, including the grant of a security interest in property, made while MOC was insolvent or which rendered MOC insolvent. The Liquidating Trustee reserves the right to bring such Avoidance Actions. To the extent that material amounts are recovered, it will enhance the returns to the holders of Unsecured Claims.

MOC has conducted a limited analysis of potential recoveries under Chapter 5 of the Bankruptcy Code and has concluded that potential Avoidance Actions may exist. A list of known transfers is set forth in MOC's statement of financial affairs [Docket No. 160];

(b) state and common law claims and Causes of Action that previously belonged to MOC or its Estate. Such Causes of Action may include, but are not limited to, potential Claims and/or Causes of Action identified in MOC's schedules [Docket No. 158];

(c) Causes of Action to collect or enforce the Contributed MOC AR; and

(d) all claims and Causes of Action asserted in, or that could be asserted in, the Black Elk Adversary Proceeding;

No holder of a Claim should accept the Plan on the assumption that the holder (or any other person) will not be sued. The Liquidating Trustee may bring any viable MOC Causes of Action against the holder of a Claim or against any other person. Creditors and Interest holders are advised that if they received an avoidable transfer, they may be sued whether or not they vote to accept the Plan.

The Liquidating Trustee shall be authorized to prosecute any MOC Causes of Action on behalf of the Liquidating Trust.

No holder of a Claim should accept the Plan on the assumption that the holder (or any other person) will not be sued. The Liquidating Trustee may bring any viable MOC Cause of Action against the holder of a Claim or against any other person. Creditors and Interest holders are advised that if they received an avoidable transfer, they may be sued whether or not they vote to accept the Plan.

N. Liquidating Trust Expenses

Subject to the provisions of the Liquidating Trust Agreement, all costs, expenses and obligations incurred by the Liquidating Trustee in administering the applicable provisions of the Plan, the Liquidating Trust, or in any manner connected, incidental or related thereto, in effecting distributions from, as applicable, the Liquidating Trust shall be a charge against the Liquidating Trust Assets remaining from time to time in the hands of the Liquidating Trustee. Such expenses shall be paid in accordance with the Liquidating Trust Agreement.

O. Role of the Liquidating Trustee

The Liquidating Trustee shall be the exclusive trustee of the Liquidating Trust and the Liquidating Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3). The powers, rights, and responsibilities of the Liquidating Trustee shall be specified in the Liquidating Trust Agreement and shall include the authority and responsibility to: (a) receive, manage, invest, supervise, and protect the Liquidating Trust Assets; (b) pay taxes or other obligations incurred by the Liquidating Trust; (c) retain and compensate, without further order of the Bankruptcy Court, the services of employees, professionals and consultants to advise and assist in the administration, prosecution and distribution of Liquidating Trust Assets; (d) calculate and implement Distributions of Liquidating Trust Assets; (e) investigate, prosecute, compromise, and settle, in accordance with the specific terms of the Liquidating Trust Agreement, Causes of Action vested in the Liquidating Trust; (f) resolve issues involving Claims and Equity Interests in accordance with the Plan, including but not limited to objecting to Claims; and (g) undertake all administrative functions of the Plan and the Liquidating Debtor's Chapter 11 Case, including the payment of fees payable to the United States Trustee and the ultimate closing of the Liquidating Debtor's Chapter 11 Case. The Liquidating Trust is the successor to the Liquidating Debtor and its Estate.

On the Effective Date, the Liquidating Trust shall: (a) take possession of all books, records, and files of the Liquidating Debtor and its Estate; and (b) provide for the retention and storage of such books, records, and files until such time as the Liquidating Trust determines, in accordance with the Liquidating Trust Agreement, that retention of same is no longer necessary or required.

The Liquidating Trust may invest Cash (including any earnings thereon or proceeds therefrom) as permitted by Bankruptcy Code section 345 or in other prudent investments, provided, however, that such investments are permitted to be made by a liquidating trust within

the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings, or other controlling authorities.

The Liquidating Trust shall have the right to object to Claims not otherwise Allowed in connection with post-Effective Date Claims allowance process.

In no event later than thirty (30) Business Days after the end of the first full month following the Effective Date and on a quarterly basis thereafter until all Cash in the Liquidating Trust has been distributed in accordance with the Plan, the Liquidating Trustee shall file with the Bankruptcy Court a report setting forth the amounts, recipients and dates of all Distributions made by the Liquidating Trustee under the Plan through each applicable reporting period.

The Liquidating Trustee shall file tax returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with the Plan. The Liquidating Trust also shall annually (for tax years in which Distributions from the Liquidating Trust are made) send to each beneficiary a separate statement setting forth the beneficiary's share of items of income, gain, loss, deduction or credit and all such holders shall report such items on their federal income tax returns; provided, however, that no such statement need be sent to any Class that is not expected to receive any Distribution from the Liquidating Trust. The Liquidating Trust's taxable income, gain, loss, deduction or credit will be allocated to the Liquidating Trust's beneficiaries in accordance with their relative beneficial interests in the Liquidating Trust.

As soon as possible after the Effective Date, the Liquidating Trust shall make a good faith valuation of assets of the Liquidating Trust, and such valuation shall be used consistently by all parties for all federal income tax purposes. The Liquidating Trust also shall file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidating Trust that are required by any Governmental Unit for taxing purposes. The Liquidating Trust may request an expedited determination of taxes of the Liquidating Debtor or of the Liquidating Trust under Bankruptcy Code section 505(b) for all tax returns filed for, or on behalf of, the Liquidating Debtor and the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust. The Liquidating Trust shall be responsible for filing all federal, state, and local tax returns for the Liquidating Debtor and the Liquidating Trust. The Liquidating Trust shall comply with all withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions made by the Liquidating Trust shall be subject to any such withholding and reporting requirements.

The Liquidating Trust shall be responsible for payments of all Allowed tax obligations of the Liquidating Debtor, and any taxes imposed on the Liquidating Trust or the Liquidating Trust Assets.

P. Reorganized MOI Reporting Obligations to Liquidating Trustee

In addition to the other reports required herein, Reorganized Debtor shall provide to the Liquidating Trustee, on a confidential basis: (i) quarterly financial reports for Reorganized Debtor; (ii) all financial reports and financial statements the Reorganized Debtor receives from any other entity, including Falcon JV, within five (5) days from receipt; (iii) explanatory

materials selected by the board of managers of Falcon JV in connection with a Liquidation Event for which definitive transaction documents have been fully executed; and (iv) an annual reconciliation of Lee Orgeron's net operating losses and tax attributes. The Liquidating Trustee or his/her designee shall have observation rights on the Reorganized Debtor board of directors.

Q. Beneficiaries of the Liquidating Trust

The holders of Allowed Other Secured Claims and Allowed General Unsecured Claims entitled to Distributions shall be the beneficiaries of the Liquidating Trust. Such beneficiaries shall be bound by the Liquidating Trust Agreement. The interests of the beneficiaries in the Liquidating Trust shall be uncertificated and nontransferable except upon death of the interest holder or by operation of law.

R. Preservation of Right to Conduct Investigations

The preservation for the Liquidating Trust of any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 is necessary and relevant to the liquidation and administration of the Liquidating Trust Assets. Accordingly, any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the Liquidating Debtor or the Creditors' Committee prior to the Effective Date shall vest with the Liquidating Trust and shall continue until dissolution of the Liquidating Trust.

S. Prosecution and Resolution of Causes of Action

From and after the Effective Date, prosecution and settlement of all Causes of Action transferred to the Liquidating Trust shall be the sole responsibility of the Liquidating Trust pursuant to the Plan and the Confirmation Order. From and after the Effective Date, the Liquidating Trust shall have exclusive rights, powers, and interests of the Liquidating Debtor's Estate to pursue, settle or abandon such Causes of Action as the sole representative of the Liquidating Debtor's Estate pursuant to Bankruptcy Code section 1123(b)(3). Proceeds recovered from all such Causes of Action will be deposited into the Liquidating Trust and will be distributed by the Liquidating Trustee to the beneficiaries in accordance with the provisions of the Plan and Liquidating Trust Agreement. All MOC Causes of Action that are not expressly released or waived under the Plan are reserved and preserved and vest in the Liquidating Trust in accordance with the Plan. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Liquidating Debtor or Liquidating Trustee will not pursue any and all available Causes of Action against such Person. The Liquidating Trustee expressly reserves all Causes of Action, except for any Causes of Action against any Person that are expressly released or waived under the Plan, and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of confirmation or consummation of the Plan. No claims or Causes of Action against the Releasees that are specifically being released hereunder shall be transferred to the Liquidating Trust, the Liquidating Trustee shall not have standing to pursue such claims or Causes of Action, and all such claims and Causes of Action shall be waived, released and discharged pursuant to the Plan.

Settlement by the Liquidating Trust of any MOC Cause of Action transferred to the Liquidating Trust shall require: (i) approval only of the Liquidating Trustee if the amount claimed by the Liquidating Trust against a defendant is less than one million dollars ($1,000,000); and (ii) approval of the Liquidating Trustee and the Bankruptcy Court, upon notice and a hearing, if the amount claimed by the Liquidating Trust against a defendant is unliquidated or equals or exceeds one million dollars ($1,000,000).

T. Federal Income Tax Treatment of the Liquidating Trust for the Liquidating Trust Assets

For federal income tax purposes, it is intended that the Liquidating Trust be classified as a liquidating trust under section 301.7701-4 of the Treasury regulations and that such trust be owned by its beneficiaries. Accordingly, for federal income tax purposes, it is intended that the beneficiaries be treated as if they had received a distribution from the Liquidating Debtor's Estate of an undivided interest in each of the Liquidating Trust Assets (to the extent of the value of their respective share in the applicable assets) and then contributed such interests to the Liquidating Trust, and the Liquidating Trust's beneficiaries will be treated as the grantors and owners thereof.

U. Books and Records of the Liquidating Debtor

As part of the appointment of the Liquidating Trustee, to the extent not already transferred on the Effective Date, the Liquidating Debtor shall transfer dominion and control over all of its books and records to the Liquidating Trustee in whatever form, manner or media those books and records existed immediately prior to the transfer thereof to the Liquidating Trustee. The Liquidating Trustee may abandon all such books and records on or after ninety (90) days from the Effective Date, provided, however, that the Liquidating Trustee shall not dispose or abandon any books and records that are reasonably likely to pertain to pending litigation in which the Liquidating Debtor or its current or former officers or directors are a party or that pertain to General Unsecured Claims without further order of the Bankruptcy Court. Pursuant to section 554 of the Bankruptcy Code, Article IV.V of the Plan shall constitute a motion and notice, so that no further notice or Bankruptcy Court filings are required to effectuate the aforementioned abandonment of the books and records of the Liquidating Debtor.

V. Termination of the Liquidating Trust

The Liquidating Trust shall terminate upon the earlier of (i) the date on which all of the Liquidating Trust Assets are liquidated in accordance with the Plan, the funds in the Liquidating Trust have been completely distributed in accordance with the Plan, all tax returns and any other filings or reports have been filed with the appropriate state or federal regulatory authorities and the order closing the Chapter 11 Cases is a Final Order or (ii) five (5) years from the date of creation of the Liquidating Trust, unless extended by the Bankruptcy Court as provided in the Plan. The Liquidating Trustee shall at all times endeavor to liquidate expeditiously the Liquidating Trust Assets (or any non-Cash proceeds thereof), and in no event shall the Liquidating Trustee unduly prolong the duration of the Liquidating Trust. The foregoing notwithstanding, in the event that the Liquidating Trustee determines that all of the Liquidating Trust Assets and/or proceeds thereof will not, despite reasonable efforts, be distributed by the

date which is five (5) years from the date of creation of the Liquidating Trust, or for any other reason consistent with the Liquidating Trust Agreement and the Plan, and if warranted by the facts and circumstances, the Trustee may petition the Bankruptcy Court to extend the term of the Liquidating Trust. Each and every such extension must be for a reasonable finite period based on the particular facts and circumstances, must be subject to the approval of the Bankruptcy Court and approved upon a finding that the extension is necessary to the liquidating purpose of the Liquidating Trust and must be approved by the Bankruptcy Court within six (6) months of the beginning of the extended term. At such time as the Liquidating Trust has been fully administered, and in all events within sixty (60) days after the Trust Disbursement Termination Date, the Liquidating Trustee will file an application for approval of his final report and the entry of the final decree by the Bankruptcy Court. In the event the Trustee intends to abandon any property, it shall first offer to convey such property to the Liquidating Trust Committee. Upon final distribution pursuant to the Plan and the Liquidating Trust Agreement, the Trustee shall retain the books, records and files that shall have been delivered to or created by the Liquidating Trustee. At the Liquidating Trustee's discretion, all of such records and documents may be destroyed at any time after two (2) years after the Trust Disbursement Termination Date.

PROVISIONS APPLICABLE TO EACH OF THE DEBTORS

W. Operations of the Debtors Between the Confirmation Date and the Effective Date

The Debtors shall continue to operate as Debtors in Possession during the period from the Confirmation Date through the Effective Date.

X. Establishment of the Administrative Claims Bar Date

The Confirmation Order shall approve the Administrative Claims Bar Date.

Except as otherwise provided in Article IV of the Plan, on or before the Administrative Claims Bar Date, each holder of an Administrative Claim shall File with the Bankruptcy Court a request for payment of its Administrative Claim and serve a copy thereof so it is received substantially contemporaneous with the Filing on counsel to the Reorganized Debtor and the Office of the United States Trustee for the Southern District of Texas.

The request for payment of an Administrative Claim will be timely filed only if it is ***actually received*** by the Bankruptcy Court, counsel to the Reorganized Debtor, and the Office of the United States Trustee for the Southern District of Texas by the Administrative Claims Bar Date.

Notwithstanding anything in Article IV of the Plan, Professionals shall not be required to file a request for fees and expenses arising under sections 328, 330, 331 or 503(b)(2)–(5) of the Bankruptcy Code, on or before the Administrative Claims Bar Date, as they will instead file final fee applications by the Professional Fee Claim Bar Date.

Y. Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Cases are closed.

Z. Creditors' Committee

Upon the Effective Date, the Creditors' Committee shall dissolve, and its members and Professionals shall be released and discharged from all further authority, duties, responsibilities and obligations relating to and arising from the Chapter 11 Case; provided; however, that the Creditors' Committee shall be deemed to continue to exist and have authority to act in this Chapter 11 Case, and its Professionals shall be deemed retained, after such date solely with respect to: (i) applications Filed pursuant to sections 330 and 331 of the Bankruptcy Code; (ii) review and, if appropriate, objections to any request for compensation or expense reimbursement filed by a Professional; (iii) seek reimbursement of expenses sought by a member of the Creditors' Committee; and (iv) defend against appeals of the Confirmation Order, if any. The Reorganized Debtor or the Liquidating Trustee, as applicable, shall pay the fees, costs and expenses of such Professionals incurred after the Effective Date, if such fees, costs and expenses are approved by the Bankruptcy Court.

AA. Debtors' Professionals

Upon the Effective Date, the Debtors' Professionals shall be released and discharged from all further authority, duties, responsibilities and obligations relating to and arising from the Chapter 11 Case; provided, however, that the Debtors' Professionals shall be deemed retained after such date solely with respect to: (i) applications Filed pursuant to sections 330 and 331 of the Bankruptcy Code; (ii) motions seeking enforcement of the provisions of the Plan or the Confirmation Order; (iii) review and, if appropriate, objections to any request for compensation or expense reimbursement filed by a Professional; and (iv) defend against appeals of the Confirmation Order, if any. The Reorganized Debtor or the Liquidating Trustee, as applicable, shall pay the fees, costs and expenses of such Professionals incurred after the Effective Date, if such fees, costs and expenses are approved by the Bankruptcy Court.

VII. PROVISIONS GOVERNING DISTRIBUTIONS

A. Initial Distribution Date

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtor or the Liquidating Trustee, as applicable, shall make, or shall make adequate reserves for, the Distributions required to be made under the Plan with respect to Allowed Claims (other than Allowed Class 1 and Class 2 Claims). All Distributions to holders of Allowed Claims shall be made pursuant to the terms of Article III.B. of the Plan.

B. Disputed Reserve

1. Establishment of the Disputed Reserve

On the Initial Distribution Date, the Reorganized Debtor or the Liquidating Trustee, as applicable, shall establish a Disputed Reserve for Disputed General Unsecured Claims. The Reorganized Debtor or the Liquidating Trustee, as applicable, shall reserve, in Cash or other property, for Distribution on account of each Disputed Claim, the full asserted amount (or such lesser amount as may be estimated by the Bankruptcy Court in accordance with Article VI.D of the Plan) with respect to each such Disputed Claim.

2. Maintenance of the Disputed Reserve

To the extent that the property placed in the Disputed Reserve consists of Cash, that Cash shall be deposited in an interest-bearing account, or other account with fewer fees, whichever preserves the corpus of the Disputed Reserve the most, at the Reorganized Debtor's or Liquidating Trustee's respective sole discretion. The Reorganized Debtor or the Liquidating Trustee, as applicable, shall hold property in the Disputed Reserve in trust for the benefit of the holders of Disputed Claims ultimately determined to be Allowed. The Disputed Reserve shall be closed by the Reorganized Debtor or the Liquidating Trustee, as applicable, when all Distributions and other dispositions of Cash or other property required to be made hereunder will have been made in accordance with the terms of the Plan and all Disputed Claims on account of which the Disputed Reserve was created and funded shall be deemed extinguished upon the last such Disputed Claim becoming Allowed or disallowed by a Final Order of the Bankruptcy Court. Upon closure of the Disputed Reserve, any remaining funds shall be transferred to the Liquidating Trust.

C. Subsequent Distributions

Any Distribution that is not made on the Initial Distribution Date or on any other date specified in the Plan because the Claim that would have been entitled to receive that Distribution is not an Allowed Claim on such date, shall be distributed as soon as practicable, and in accordance with the terms of the Plan, after such Claim is Allowed by a Final Order of the Bankruptcy Court.

D. Delivery of Distributions

1. General Provisions; Undeliverable Distributions

Subject to Bankruptcy Rule 9010 and except as otherwise provided in the Plan, Distributions to the holders of Allowed Claims shall be made by the Reorganized Debtor or the Liquidating Trustee (and not, for the avoidance of doubt, by the Plan Sponsor (or any of its Affiliates), the Falcon JV or Falcon USA Sub or any of their respective subsidiaries), as applicable, at (i) the address of each holder as set forth in the Schedules, unless superseded by the address set forth on proofs of Claim Filed by such holder or (ii) the last known address of such holder if no proof of Claim is Filed or if the Reorganized Debtor or Liquidating Trustee, as applicable, have been notified in writing of a change of address. If any Distribution is returned as undeliverable, the Reorganized Debtor or Liquidating Trustee, as applicable, may, in their

discretion, make such efforts to determine the current address of the holder of the Claim with respect to which the Distribution was made as the Reorganized Debtor or Liquidating Trustee deem appropriate, but no Distribution to any holder shall be made unless and until the Reorganized Debtor or Liquidating Trustee have determined the then-current address of the holder, at which time the Distribution to such holder shall be made to the holder without interest from and after the Effective Date through the date of Distribution. Amounts in respect of any undeliverable Distributions made by the Reorganized Debtor or Liquidating Trustee shall be returned to, and held in trust by, the Reorganized Debtor or Liquidating Trustee, as applicable until the Distributions are claimed or are deemed to be unclaimed property under section 347(b) of the Bankruptcy Code as set forth in Article V.D.2 of the Plan. The Reorganized Debtor or Liquidating Trustee shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; provided, however, that such discretion may not be exercised in a manner inconsistent with any express requirements of the Plan.

2. Unclaimed Property

Except with respect to property not distributed because it is being held in the Disputed Reserve, Distributions that are not claimed by the expiration of one year from the Effective Date shall be deemed to be unclaimed property under section 347(b) of the Bankruptcy Code, and the Claims with respect to which those Distributions are made shall be automatically cancelled. After the expiration of that one-year period, the right of any Entity to those Distributions shall be discharged and forever barred. Nothing contained in the Plan shall require the Reorganized Debtor or Liquidating Trustee to attempt to locate any holder of an Allowed Claim.

E. Manner of Cash Payments Under the Plan

Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Reorganized Debtor or the Liquidating Trustee, as applicable, or by wire transfer from a domestic bank, at the option of the Reorganized Debtor or Liquidating Trustee, as applicable.

F. Time Bar to Cash Payments by Check

Checks issued by the Reorganized Debtor or Liquidating Trustee, as applicable, on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to Article V.F. of the Plan shall be made directly to the Reorganized Debtor or Liquidating Trustee, as applicable, by the holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the later of the first anniversary of the Effective Date or the first anniversary of the date on which the Claim at issue became an Allowed Claim. After that date, all Claims in respect of void checks shall be discharged and forever barred and the proceeds of those checks shall become unclaimed property in accordance with section 347(b) of the Bankruptcy Code.

G. Compliance with Tax Requirements

In connection with making Distributions under the Plan, to the extent applicable, the Reorganized Debtor and Liquidating Trustee shall comply with all tax withholding and reporting

requirements imposed on it by any governmental unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtor and Liquidating Trustee may withhold the entire Distribution due to any holder of an Allowed Claim until such time as such holder provides the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Reorganized Debtor or Liquidating Trustee, as applicable, to the appropriate authority. If the holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any governmental unit within six months from the date of first notification to the holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article V.D.1 hereof.

H. No Payments of Fractional Dollars and Minimum Distributions

Notwithstanding any other provision of the Plan to the contrary, no payment of fractional dollars shall be made pursuant to the Plan. Whenever any payment of a fraction of a dollar under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding down of such fraction to the nearest whole dollar. Neither the Reorganized Debtor nor Liquidating Trustee, as applicable, shall be obligated to make any Distribution of less than $10.

I. Interest on Claims

Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Claim, or portion thereof, that is a Disputed Claim in respect of the period from the Effective Date to the date such Disputed Claim, or portion thereof, becomes an Allowed Claim and Distributions are made on account thereof. Except as expressly provided in the Plan or in a Final Order of the Bankruptcy Court, no prepetition Claim shall be Allowed to the extent that it is for post-petition interest or other similar charges.

J. No Distribution in Excess of Allowed Amount of Claim

Notwithstanding anything to the contrary contained in the Plan, no holder of an Allowed Claim shall receive in respect of that Claim any Distribution in excess of the Allowed amount of that Claim.

K. Setoff and Recoupment

The Liquidating Trustee or the Reorganized Debtor, as applicable, may, but shall not be required to, setoff against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that any Debtor or Estate may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Liquidating Trustee or the Reorganized Debtor on behalf of the Debtors, the Estates, the Reorganized Debtor or the Liquidating Trustee as a successor in interest of any right of setoff or recoupment that any of them may have against the holder of any Claim.

VIII. DISPUTED CLAIMS

A. No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, the Liquidating Trustee and the Reorganized Debtor shall not distribute any Cash or other property on account of any Claim that is Disputed unless and until such Claim or portion thereof becomes Allowed.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. Upon allowance, a holder of the Allowed Disputed Claim shall receive any Distributions that would have been made up to the date of allowance to such holder under the Plan had the Disputed Claim been Allowed on the Effective Date.

B. Resolution of Disputed Claims

After the Effective Date, unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Liquidating Trustee shall have the right to make and File objections to General Unsecured Claims.

After the Effective Date, unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtor shall have the right to make and File objections to all Claims other than General Unsecured Claims. The cost of pursuing the objections to such Claims shall be paid by the Reorganized Debtor.

C. Objection Deadline

All objections to Disputed Claims, shall be Filed and served upon the holders of each such Claim not later than one hundred eighty (180) days after the Effective Date, unless otherwise extended by order by the Bankruptcy Court after notice and a hearing.

D. Estimation of Claims

At any time the Liquidating Trustee, with respect to General Unsecured Claims, and the Reorganized Debtor, with respect to all other Claims, may request that the Bankruptcy Court estimate any contingent or unliquidated Claim to the extent permitted by section 502(c) of the Bankruptcy Code, regardless of whether the Debtors, the Reorganized Debtor or the Liquidating Trustee previously objected to such Claim or whether the Bankruptcy Court ruled on any such objection, and the Bankruptcy Court shall have jurisdiction to estimate any Claim at any time during litigation concerning any objection to such Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on the Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the Claim, the Liquidating Trustee or the Reorganized Debtor, as applicable, may elect to pursue supplemental proceedings to object to the ultimate allowance of the Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated

and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

The Court has set an October 17, 2017 deadline for the Debtors to file a motion to estimate certain Claims, including certain of the Other Secured Claims, with an evidentiary hearing set on the to-be-filed motion for November 6, 2017 at 10:00 a.m. (prevailing Central Time).

IX. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

The Plan shall constitute a motion to reject all Executory Contracts and Unexpired Leases other than those Executory Contracts and Unexpired Leases designated for assumption and assignment to either Falcon USA Sub, Falcon JV or the Reorganized Debtor, as applicable, in the Executory Contract and Unexpired Lease Assumption and Assignment Schedule, which schedule shall be filed with the Bankruptcy Court no fewer than five (5) Business Days before the Confirmation Hearing. The entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of all such rejections and assumptions and assignments pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

B. Claims Based on Rejection of Executory Contracts and Unexpired Leases

Claims resulting from the rejection of Executory Contracts and Unexpired Leases pursuant to Article VII.A of the Plan, or the expiration or termination of any Executory Contract or Unexpired Lease after the entry of the Confirmation Order, but prior to the Effective Date, must be filed with the Bankruptcy Court and served on the Liquidating Trustee and MOI (or the Reorganized Debtor, as applicable) no later than thirty (30) days after the Effective Date. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease pursuant to Article VII.B. of the Plan for which proofs of Claim are not timely Filed within that time period will be forever barred from assertion against the Debtors, the Estate, the Reorganized Debtor, the Liquidating Trustee, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims shall, as of the Effective Date, be subject to the discharge and permanent injunction set forth in Article IX.E of the Plan. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided in the Plan shall be treated as a Class 4 Claim and shall be subject to the provisions of Article III.B of the Plan.

C. Cure Claims

The Debtors shall set forth on the Executory Contract and Unexpired Lease Assumption and Assignment Schedule the monetary cure amount the Debtors believe to be owed with respect to each Executory Contract and Unexpired Lease listed thereon. Unless the counterparty to an Executory Contract or Unexpired Lease agrees to different treatment, the cure amount set forth on the Executory Contract and Unexpired Lease Assumption and Assignment Schedule with respect to such Executory Contract or Unexpired Lease, or any undisputed portion thereof, or a different amount of the cure Claim that is Allowed by a Final Order shall be paid in full, in Cash, by (a) in the case of those Executory Contracts and Unexpired Leases designated for assumption

and assignment to Falcon USA Sub or Falcon JV, the Reorganized Debtor in accordance with the terms and conditions of the Contribution Agreement, and (b) in the case of all other Executory Contracts and Unexpired Leases, the Reorganized Debtor, in each case, as applicable, on the later of: (i) fifteen (15) Business Days after the Effective Date and (ii) fifteen (15) Business Days after the date such Claim is Allowed.

D. Insurance Policies

Notwithstanding anything contained in the Plan or the Confirmation Order to the contrary, unless specifically rejected by order of the Bankruptcy Court, all Insurance Policies shall be assumed under the Plan as executory contracts, and nothing in the Plan or the Confirmation Order shall alter the rights and obligations of the Debtors or the insurers under the Insurance Policies (which rights and obligations shall be determined under the applicable Insurance Policies and applicable non-bankruptcy law relating thereto) or modify the coverage thereunder, and all of the Insurance Policies shall continue in full force and effect according to their terms and conditions.

X. INDEMNIFICATION, RELEASE, INJUNCTIVE AND RELATED PROVISIONS

A. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims and Equity Interests. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all Claims and Equity Interests, as well as a finding by the Bankruptcy Court that such compromise or settlement is fair, equitable, reasonable and in the best interests of the Debtors, each Estate and holders of Claims and Equity Interests as well as a finding by the Bankruptcy Court that the auction of the right to be a Plan Sponsor, and the acquisition of the equity interests in the Falcon JV (in the form of the Common Units) by the Reorganized Debtor were completed in good faith and the Plan Sponsor is otherwise a good faith purchaser of the Falcon JV, whose equity interests are owned, in part, by the Reorganized Debtor.

B. Releases

Prior to voting on the Plan, please note the following:

If you do not check the box in the ballot provided to you to opt-out of the release provisions, you shall be deemed to have consented to the release provisions set forth in Article IX of the Plan, and unconditionally, irrevocably, and forever released and discharged the Releasees from any and all Causes of Action.

1. *Releases by the Debtors and the Estates*. Notwithstanding anything contained in the Plan to the contrary (except with respect to Causes of Action contributed to the

Falcon JV pursuant to the terms and conditions of the Contribution Agreement), as of the Effective Date, for the good and valuable consideration provided by each of the Releasees, including, without limitation, the services of the Releasees in facilitating the expeditious implementation of the Plan and, with respect to certain of the Releasees, that payment contemplated under Section IV(L)(2) of the Plan, the Debtors hereby provide a full release to the Releasees (and each such Releasee so released shall be deemed released and discharged by the Debtors) from any and all Causes of Action and any other debts (including any loans made by MOI to any of MOI's employees or other Representatives, or any such employees' or other Representatives' family members or trusts), obligations, rights, suits, damages, actions, remedies and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence or circumstances, including actions in connection with indebtedness for money borrowed by the Debtors, existing or taking place prior to or on the Effective Date arising from or related in any way to the Debtors, including, without limitation, those that the Debtors would have been legally entitled to assert or that any holder of a Claim or Equity Interest or other Entity would have been legally entitled to assert for or on behalf of the Debtors or their Estates and further including those in any way related to the Estates, the Chapter 11 Cases or the Plan; provided, however, that the foregoing provisions of this Article IX.B.1 shall not operate to waive or release the Releasees from any obligation under this Plan, or the Confirmation Order, as applicable. For the avoidance of doubt, upon the Effective Date, each Debtor provides a full release to the other on account of any Intercompany Claims owing to the other Debtor.

2. *Releases by Holders of Claims and Interests*. Notwithstanding anything contained in the Plan to the contrary (except with respect to Causes of Action contributed to the Falcon JV pursuant to the terms and conditions of the Contribution Agreement), as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the holders of Claims against and interests in the Debtors and the Reorganized Debtor who vote to accept the Plan or who vote to reject the Plan and do not return Ballot to indicate their refusal to grant the releases provided in this sub-paragraph, shall be deemed to forever release, waive, and discharge each of the Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities whatsoever in connection with or in any way relating to the Debtors, the conduct of the Debtors' businesses, the Chapter 11 Cases, the Disclosure Statement or the Plan (other than the rights of the Debtors, the Reorganized Debtor, or a Creditor holding an Allowed Claim to enforce the obligations under the Confirmation Order and the Plan and the contracts, instruments, releases, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; provided, however, that nothing in this Article IX.B.2 shall operate as a release, waiver or discharge of any Causes of Action or liabilities arising out of willful misconduct, fraud or criminal acts of any such Releasee as determined by a Final Order; provided further that,

for good and valuable consideration and except as otherwise expressly set forth herein, each of the Releasees are deemed to have released all other Releasees under the Plan.

3. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth in Article IX.B of the Plan pursuant to Bankruptcy Rule 9019 and its finding that they are: (a) in exchange for good and valuable consideration, representing a good faith settlement and compromise of the Claims and Causes of Action thereby released; (b) in the best interests of the Debtors and all holders of Claims and Equity Interests; (c) fair, equitable and reasonable; (d) approved after due notice and opportunity for hearing; and (e) a bar to any of the Releasees asserting any Claim or Cause of Action thereby released.

C. Exculpation

Notwithstanding anything contained in the Plan to the contrary, the Releasees shall neither have nor incur any liability to any Entity for any Claims or Causes of Action arising on or after the Petition Date, including any act taken or omitted to be taken in connection with, or related to, formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement, or any other contract, instrument, release or other agreement or document created or entered into in connection with the Plan or Disclosure Statement or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the Plan; *provided*, *however*, that the provisions of Article IX.C of the Plan shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; *provided*, *further*, that each Releasee shall be entitled to rely upon the advice of counsel concerning its duties; *provided*, *further*, that the provisions of Article IX.C of the Plan shall not apply to any acts, omissions, Claims, Causes of Action or other obligations expressly set forth in and preserved by the Plan or any defenses thereto.

D. Injunction

1. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, from and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtors or the Reorganized Debtor or the Liquidating Trustee, their successors and assigns (including Falcon JV and Falcon USA Sub), and their assets and properties, as the case may be, any suit, action or other proceeding, including, but not limited to, the Alliance Action, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

2. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, from and after the Effective Date, all Entities shall be precluded from asserting against the Debtors, the Debtors in Possession, the Estates, the Creditors' Committee, the Reorganized Debtor, the Liquidating Trustee, their successors and assigns (including Falcon JV and Falcon USA Sub) and their assets and properties, any

other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

3. The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction of Claims and Equity Interests of any nature whatsoever, against the Debtors or any of their assets or properties. On the Effective Date, all such Claims against, and Equity Interests in, the Debtors shall be satisfied and released in full.

4. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, all Parties and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Equity Interest satisfied and released hereby, from:

a) commencing or continuing in any manner any action or other proceeding of any kind against any Debtor, the Reorganized Debtor, their successors and assigns (including, without limitation, Falcon JV and Falcon USA Sub) and their assets and properties;

b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against any Debtor, the Reorganized Debtor, their successors and assigns (including, without limitation, Falcon JV and Falcon USA Sub) and their assets and properties;

c) creating, perfecting or enforcing any encumbrance of any kind against any Debtor, the Reorganized Debtor or the property or estate of any Debtor or Reorganized Debtor;

d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from any Debtor or against the property or estate of any Debtor or the Reorganized Debtor, except to the extent a right to setoff, recoupment or subrogation is asserted with respect to a timely filed proof of claim; or

e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or Cause of Action released or settled hereunder.

E. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against property of the Estates, shall be fully released and discharged, and all of the Debtors' rights, title and interests in such property shall be distributed or transferred in accordance with the Plan.

XI. RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS 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.

A. Certain Bankruptcy Law Considerations

1. Parties in Interest May Object to the 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 Plan creates five 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 Vote Requirements

If votes are received in an 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. There can be no assurance that the terms of any 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

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, including, among other requirements, a finding by the bankruptcy court that: (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; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. 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 and/or Equity Interest might challenge whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that the Disclosure Statement, the balloting procedures and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it were to find that

any of the statutory requirements for Confirmation had not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

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

The Debtors reserve the right to modify the terms and conditions of the Plan as necessary for confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a 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. The Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors 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 that Claim is subject to an objection. Thus, any holder of a Claim that is subject to an objection may receive less than its expected share of the estimated distributions described in this Disclosure Statement or no distribution at all.

5. Nonconsensual Confirmation

In the event that any impaired class does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponent's 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 class(es). The Debtors believe that the Plan satisfies these requirements and will request such nonconsensual confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

6. The Conditions Precedent to the Effective Date May Not Occur

As more fully set forth in Article VIII of the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not occur.

7. The Debtors' Emergence From Chapter 11 is Not Assured

While the Debtors expect to emerge from chapter 11, there can be no assurance that the Debtors will successfully consummate the transactions contemplated under the Plan or when they will occur, irrespective of the Debtors obtaining confirmation of the Plan.

8. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to holders of Allowed Claims and Equity Interests under the Plan can be impacted by a variety of contingencies, including without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect Distributions available to holders of Allowed Claims and Equity Interests under the Plan, will not affect the validity of the votes taken by the Impaired Class to accept or reject the Plan or require any sort of revote by the Impaired Class(es).

9. Certain Liabilities May Not Be Fully Extinguished as a Result of the Confirmation of the Plan

If an Impaired Class of Claims entitled to vote does not vote to accept the Plan, the Debtors may choose to exclude a Debtor to which such Class relates from the Plan. If a Debtor is excluded from the Plan (which has the effect of withdrawing the plan with respect to such Debtor), none of the creditors of such Debtor would receive a distribution under the Plan. The exclusion of a Debtor could have a material adverse effect on the creditors of such Debtor, would prolong the Chapter 11 Case related to such entity, and would delay the distribution to such Debtor's creditors.

10. Risks Regarding Financial Projections

The financial projections set forth in **Exhibit C** to this Disclosure Statement represent the Debtors' best estimate of the Reorganizing Debtor's future financial performance based on currently known facts and assumptions about the Reorganizing Debtor's future operations The Reorganizing Debtor's actual financial results may differ significantly from the financial projections set forth on **Exhibit C**. If the Reorganizing Debtor does not achieve its projected financial results, they may lack sufficient liquidity to continue as planned after the Effective Date. Moreover, the financial condition and results of Reorganizing Debtor from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

11. Certain Tax Implications of the Chapter 11 Cases

Holders of Claims and Equity Interests should carefully review Section XIV hereof to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Reorganizing Debtors and certain holders of Claims and Equity Interests. The tax consequences of the Plan are complicated.

12. Confirmation and Consummation May Be Delayed if the Debtors Have to Resolicit.

If the Debtors resolicit acceptances of the Plan from the parties entitled to vote thereon, the confirmation of the Plan could be delayed and possibly jeopardized. Non-confirmation of the Plan could result in an extended chapter 11 proceeding, during which time the Debtors could

experience significant deterioration in their relationships with trade vendors and/or major customers.

B. Risk Factors That May Affect Distributions Under The Plan

1. The Debtors Cannot State with Any Degree of Certainty What Recovery Will Be Available to Holders of Allowed Claims or Equity Interests in Voting Classes

A number of unknown factors make certainty in creditor recoveries impossible. For instance, the Debtors cannot know with any certainty, at this time, the number or amount of Claims and Equity Interests that will ultimately be Allowed.

2. Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Recovery on Claims or Equity Interests

The estimates of Claims set forth in this Disclosure Statement are based on various assumptions. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual amounts of Allowed Claims may be significantly lower than the estimated amount of Allowed Claims contained herein. Additionally, the Debtors have made certain assumptions, as described herein, regarding liquidation under chapter 7 of the Bankruptcy Code, **which should be read carefully.**

3. Disclosure Statement Disclaimer

The vote by a holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors to object to that holder's Allowed Claim, or the Debtors' right to bring Causes of Action.

4. Liquidation Under Chapter 7

If no chapter 11 plan is confirmed, the chapter 11 case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for Distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that any such conversion would likely reduce any Distribution to holders of Claims and Equity Interests based on, among other things, (i) the increased costs of a chapter 7 case arising from the fees payable to a chapter 7 trustee and professional advisors to such trustee; (ii) substantial increases in claims which would be satisfied on a priority basis; (iii) the substantially longer period of time that would elapse until distributions could be made under chapter 7; and (iv) the lack of a third party to fund the payment of claims.

5. Filing of an Alternative Plan of Reorganization

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different plan of reorganization that might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of the Debtors' assets. The

Debtors believe that the Plan enables the Debtors to emerge from chapter 11 successfully and expeditiously, preserves its business and allows creditors to realize the highest recoveries under the circumstances. In a liquidation under chapter 11 of the Bankruptcy Code, the assets of the Debtors would be sold in an orderly fashion and a trustee need not be appointed. Accordingly, creditors would likely receive greater recoveries than in a chapter 7 liquidation. Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, the Debtors believe that a chapter 11 liquidation is a much less attractive alternative to creditors than the Plan because the Plan provides for a greater return to creditors.

C. Risk Factors That Could Negatively Impact the Debtors' Businesses

1. Prolonged Continuation of the Chapter 11 Case is Likely to Harm the Reorganizing Debtor's Business

The prolonged continuation of this chapter 11 case is likely to adversely affect the Debtors' (particularly the Reorganizing Debtor's) business and operations. So long as the chapter 11 case continues, senior management of the Debtors will be required to spend a significant amount of time and effort dealing with the Debtors' bankruptcy cases instead of focusing exclusively on business operations. Further, so long as the chapter 11 case continues, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the proceedings. The prolonged continuation of the chapter 11 case may also require the Debtors to seek continued use of cash collateral of the DIP Lenders or additional financing to operate its business. The DIP Lenders may not consent to the extended use of cash collateral and it may not be possible for the Debtors to obtain additional financing during the pendency of the chapter 11 case on commercially favorable terms or at all. If the Debtors were to require additional financing during the chapter 11 case and were unable to obtain the financing on favorable terms or at all, it is unlikely the Debtor could consummate the transactions contemplated under the Plan.

2. The Reorganized Debtor May Not Be Able to Achieve Its Projected Financial Results

The Financial Projections set forth on **Exhibit C** to this Disclosure Statement represent the Reorganized Debtor's best estimate of its future financial performance based on currently known facts and assumptions about such Debtor's future operations as well as the U.S. and world economy in general and the industry segments in which such Debtor operates in particular. The Reorganized Debtor's actual financial results may differ significantly from the Financial Projections. If the Reorganized Debtor does not achieve its projected financial results, the Reorganized Debtor may lack sufficient liquidity to continue operating as planned after the Effective Date. Moreover, the financial condition and results of operations of the Reorganized Debtor from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in such Debtor's historical financial statements.

3. The Reorganized Debtor's Operations May Be Restricted by the Terms of the Exit Facility

The Exit Facility may include a number of significant restrictive covenants, similar to the covenants that the Reorganized Debtor is bound by pursuant to the DIP Credit Facility. These covenants could impair the Reorganized Debtor's financing and operational flexibility and make it difficult for Reorganized Debtor to react to market conditions and satisfy their ongoing capital needs and unanticipated Cash requirements.

In addition, the Exit Facility may require the Reorganized Debtor to periodically meet various financial ratios and tests, including maximum leverage, minimum net worth and interest coverage levels. These financial covenants and tests could limit the Reorganized Debtor's ability to react to market conditions or satisfy extraordinary capital needs and could otherwise restrict the Reorganized Debtor's financing and operations. The Reorganized Debtor's ability to comply with the covenants and other terms of the Exit Facility will depend on the Reorganized Debtor's future operating performance. If the Reorganized Debtor fails to comply with the covenants and terms, the Reorganized Debtor would be required to obtain waivers from its lenders to maintain compliance under the Exit Facility. If the Reorganized Debtor is unable to obtain any necessary waivers and the debt under the Exit Facility is accelerated, it would have a material adverse effect on the Reorganized Debtor's financial condition and future operating performance.

4. The Debtors' Ability to Service Debt and Meet Cash Requirements Depends on Many Factors, Some of Which are Beyond the Debtors' Control

The Debtors' ability to satisfy its debt obligations, including obligations related to the Exit Facility, will depend on the Debtors' future operating performance and financial results, which will be subject, in part, to factors beyond the Debtors' control, including the volatility of the oil and gas industry and general economic, financial and business conditions in the commodities market. If the Debtors are unable to generate sufficient Cash flow, they may be required to refinance all or a portion of its debt, obtain additional financing in the future for acquisitions, working capital, capital expenditures and general corporate or other purposes, redirect a substantial portion of Cash flow to debt service, which as a result, might not be available for operations or other purposes, sell some assets or operations, reduce or delay capital expenditures, or revise or delay operations or strategic plans. If the Debtors are required to take any of these actions, it could have a material adverse effect on its business, financial condition and results of operations. In addition, the Debtors cannot guarantee they would be able to take any of these actions, that these actions would enable them to continue to satisfy their capital requirements, or that these actions would be permitted under the terms of the Exit Facility.

5. The Loss of Key Personnel Could Adversely Affect the Debtors' Operations

The Debtors' operations are dependent on a relatively small group of key management personnel, including the Debtors' executive officers. The Debtors' liquidity issues and the chapter 11 case have created distractions and uncertainty for key management personnel and employees. As a result, the Debtors may experience increased levels of employee attrition.

Because competition for experienced personnel in the oil and gas industry can be significant, the Debtors may be unable to find acceptable replacements with comparable skills and experience and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material erosion of employee morale at the corporate and/or field levels could have a material adverse effect on the Debtors' ability to meet customer and counterparty expectations, thereby adversely affecting the Debtors' business and the results of operations.

XII. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a ballot or ballots to be used for voting on the Plan, is being distributed to the holders of Claims in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth (i) in the exhibits annexed to the Prior Disclosure Statement Order [Docket No. 470] and in the Disclosure Statement Order [Docket No. 730].

The Prior Disclosure Statement Order and Disclosure Statement Order are incorporated herein by reference and should be read in conjunction with this Disclosure Statement and in formulating a decision to vote to accept or reject the Plan.

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY. PLEASE REFER TO THE PRIOR DISCLOSURE STATEMENT ORDER, THE DISCLOSURE STATEMENT ORDER AND THE INSTRUCTIONS ACCOMPANYING THE BALLOT FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of Claims against a debtor are entitled to vote on a chapter 11 plan. The table in Section II.F of the Disclosure Statement provides a summary of the status and voting rights of each Class under the Plan. As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from holders of First Lien Secured Claims, Other Secured Claims, and General Unsecured Claims (together, the "Voting Classes"). The holders of Claims in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan.

The Debtors are not soliciting votes from holders of certain Claims and Equity Interests as described in Article II.C hereof. Additionally, the Prior Disclosure Statement Order provides that certain holders of Claims in the Voting Classes, such as those holders whose Claims have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

B. Voting Record Date

The Voting Record Date is October 1, 2017. The Voting Record Date is the date on which it will be determined which holders of Claims in the Voting Classes are entitled to vote to

accept or reject the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the holder of a Claim.

C. Voting on the Plan

The Voting Deadline is January 11, 2018, at 4:00 p.m. (prevailing Central Time). In order to be counted as votes to accept or reject the Plan, all ballots must be (i) electronically submitted utilizing the online balloting portal maintained by the Notice and Claims Agent on or before the Voting Deadline; or (ii) properly executed, completed, and delivered (either by using the return envelope provided, by first class mail, overnight courier, or personal delivery) so that the ballots are **actually received** by the Notice and Claims Agent on or before the Voting Deadline at the following address:

If by Regular Mail:	**If by Messenger or Overnight Delivery:**
BMC Group Attn: Montco Ballot Processing PO Box 90100 Los Angeles, CA 90009	BMC Group Attn: Montco Ballot Processing 3732 West 120th Street Hawthorne, CA 90250

D. Ballots Not Counted

No ballot will be counted toward confirmation if, among other things:

1. it is illegible or contains insufficient information to permit the identification of the holder of the Claim;

2. it was transmitted by facsimile, email, or other electronic means other than as specifically set forth in the ballots;

3. it was cast by an Entity that is not entitled to vote on the Plan;

4. it was cast for a Claim listed in the applicable Debtor's Schedules as contingent, unliquidated, or disputed for which the applicable Claims bar date has passed and no Proof of Claim was timely Filed;

5. it was sent to the Debtors, the Debtors' agents/representatives (other than the Notice and Claims Agent), or the Debtors' financial or legal advisors instead of the Notice and Claims Agent;

6. it is unsigned; or

7. it is not clearly marked to either accept or reject the Plan, or it is marked both to accept and reject the Plan.

Please refer to the Prior Disclosure Statement Order, the Disclosure Statement Order, and the instructions accompanying the ballot provided to you for additional requirements with respect to voting to accept or reject the Plan.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE NOTICE AND CLAIMS AGENT TOLL-FREE AT (888) 909-0100.

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE PRIOR DISCLOSURE STATEMENT ORDER, THE DISCLOSURE STATEMENT ORDER, OR THE INSTRUCTIONS ACCOMPANYING THE BALLOT PROVIDED TO YOU WILL NOT BE COUNTED.

XIII. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims or Equity Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of holders of Claims and Equity Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (1) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11; (2) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11; and (3) the Plan has been proposed in good faith.

If any party intends to seek discovery in connection with confirmation of the Plan, such party is encouraged to seek such discovery as soon as possible, because there is no guarantee that there will be sufficient funds to finance the chapter 11 case if the Confirmation Hearing is delayed due to protracted Plan discovery. There can be no guarantee that the Plan Sponsor will continue to support the Plan, or any other plan of reorganization, in that scenario. Further, if this happens, as the Debtors have stated previously in the chapter 11 case and elsewhere in this Disclosure Statement, the Debtors may be forced to liquidate, resulting in zero to very low recoveries for all stakeholders.

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a Claim or an Equity Interest in such impaired class either (1) has accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the Debtors liquidated under chapter 7.

Attached hereto as **Exhibit B** and incorporated herein by reference is a liquidation analysis (the "Liquidation Analysis") prepared by the Debtors with the assistance of their advisors. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors' business under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by holders of Claims as compared to distributions contemplated under the Plan.

Consequently, the Debtors and their management believe that confirmation of the Plan will provide a substantially greater return to holders of Claims than would a liquidation under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, and the Debtors fail to propose and confirm an alternative plan of reorganization, the Debtors' business may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In a liquidation under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation may result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Any distribution to holders of Claims under a chapter 11 liquidation plan would most likely be substantially delayed. Most importantly, the Debtors believe that any distributions to creditors in a chapter 11 liquidation scenario would fail to capture the significant going concern value of its business. Accordingly, the Debtors believe that a chapter 11 liquidation would not result in distributions as favorable as those under the Plan.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors, with the assistance of their advisors, have analyzed its ability to meet its obligations under the Plan. As part of this analysis, the Debtors prepared a projected consolidated income statement (the "Financial Projections"). The Financial Projections are attached hereto as **Exhibit C** and incorporated herein by reference. Based upon the Financial Projections, the Debtors believe that the Reorganized Debtor will be a viable operation following the chapter 11 case and that the Plan will meet the feasibility requirements of the Bankruptcy Code.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[3] Section

[3] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation,

1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in a dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually cast their ballots in favor of acceptance.

E. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.,* classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.,* secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to a dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

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compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

(a) Secured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (ii) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

(b) Unsecured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property.

(c) Interests

The condition that a plan be "fair and equitable" to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of: (1) the allowed amount of any fixed liquidation preference to which such holder is entitled; (2) any fixed redemption price to which such holder is entitled; or (3) the value of such interest; or (ii) if the class does not receive the amount as required under (i) no class of interests junior to the non-accepting class may receive a distribution under the plan.

The Debtors do not intend to utilize the "cramdown" provision of section 1129(b) of the Bankruptcy Code with respect to the chapter 11 reorganizing plan of MOI. If MOC "crams down" its chapter 11 liquidating plan pursuant to section 1129(b) of the Bankruptcy Code, its liquidating plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under MOC's liquidating plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, no Class under MOC's liquidating plan will receive more than 100 percent of the amount of Allowed Claims in that Class. The Debtors believe that MOC's liquidating plan and the treatment of all Classes of Claims and Equity Interests under such plan satisfy the foregoing requirements for nonconsensual confirmation of the MOC liquidating plan.

XIV. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following is a summary of certain U.S. federal income tax consequences of the Plan to the Debtors and certain holders of Claims. This summary is based on the Internal Revenue Code, Treasury Regulations thereunder and administrative and judicial interpretations and

practice, all as in effect on the date of the Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtor does not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Plan discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to holders of Claims that are not U.S. Persons (as such term is defined in the Internal Revenue Code) or that are otherwise subject to special treatment under U.S. federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). The following discussion assumes that holders of Allowed Claims hold such Claims as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and holders of Allowed Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than U.S. federal income tax law, including under state, local or foreign tax law.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. Federal Income Tax Consequences to the Debtors

In general, absent an exception, the discharge of a debt obligation for cash and property having a value less than the amount owed gives rise to cancellation of debt ("COD") income which must be included in the debtor's taxable income unless one of various exceptions applies. One such exception is for COD income arising in a bankruptcy proceeding. Under this

exception, the taxpayer does not include the COD income in its taxable income, but must instead reduce the following tax attributes, in the following order, by the amount of COD income: (i) NOLs (beginning with NOLs for the year of the COD income, then the oldest and then next-to-oldest NOLs, and so on), (ii) general business credits, (iii) alternative minimum tax credits, (iv) capital losses, (v) tax basis of assets (but not below the liabilities remaining after debt cancellation), (vi) passive activity losses, and (vii) foreign tax credits. Alternatively, a debtor may elect to first reduce the basis of its depreciable and amortizable property. The debtor's tax attributes are not reduced until after determination of the debtor's tax liability for the year of the COD income. Any COD income in excess of available tax attributes is forgiven.

B. Federal Income Tax Consequences to Holders of General Unsecured Claims

In accordance with the Plan, certain classes of Claims are impaired and will not be paid in full with respect to such Claims as set forth in the Plan. Each holder of any such class may recognize either gain or loss upon receipt of such payment equal to the difference between the "amount realized" by such creditor and such creditor's adjusted tax basis in its Claim. The amount realized is equal to the value of such creditor's payment with respect to its Claim. Any gain or loss realized by an unsecured creditor should constitute ordinary income or loss to such creditor unless such Claim is a capital asset. If a Claim constitutes a capital asset in the hands of an unsecured creditor, and it has been held for more than one year, such creditor will realize long-term capital gain or loss upon the receipt of payment.

The tax consequences to unsecured creditors will differ and will depend on factors specific to each such creditor, including but not limited to: (i) whether the unsecured creditor's Claim (or a portion thereof) constitutes a Claim for principal or interest, (ii) the origin of the unsecured creditor's Claim, (iii) whether the unsecured creditor is a U.S. person or a foreign person for U.S. federal income tax purposes, (iv) whether the unsecured creditor reports income on the accrual or cash basis method, and (v) whether the unsecured creditor has taken a bad debt deduction or otherwise recognized a loss with respect to the Claim.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH UNSECURED CREDITOR. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH CREDITOR OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR AS A RESULT OF THE PLAN.

C. Federal Income Tax Consequences to Holders of Secured Claims

The Plan contemplates that each holder of a DIP Facility Claim will be paid in full in Cash on the Effective Date. The exchange of the DIP Facility Claims for Cash should be a taxable exchange under section 1001 of the Internal Revenue Code.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH HOLDER OF A SECURED CLAIM OF THE DEBTOR. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH HOLDER

OF A SECURED CLAIM OF THE DEBTOR OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF A SECURED CLAIM OF THE DEBTOR AS A RESULT OF THE PLAN.

XV. CONCLUSION AND RECOMMENDATION

In the opinion of the Debtors and the Creditors' Committee, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Debtors' creditors than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to holders of Allowed Claims than that which is proposed under the Plan. Accordingly, the Debtors and the Creditors' Committee recommend that holders of Claims entitled to vote on the Plan support confirmation of the Plan and vote to accept the Plan by returning their Ballots so that they will be received by the Claims Agent no later than 4:00 p.m. (prevailing Central Time) on January 11, 2018.

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Dated: December 26, 2017
Houston, Texas

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Its: Chief Financial Officer

Montco Oilfield Contractors, LLC

/s/ *Derek C. Boudreaux*
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