

B 10 (Official Form 10) (12/08)

UNITED STATES BANKRUPTCY COURT Northern District of Texas		PROOF OF CLAIM
Name of Debtor: <u>AXIS E&P, LP</u>		Case Number: <u>10-33566-sgj-11</u>
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): <u>KSB EXPLORATION, LLC</u>		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.
Name and address where notices should be sent: <u>J. Michael Sutherland of Carrington Coleman Sloman & Blumenthal, LLP</u> <u>901 Main Street, Suite 5500</u> <u>Dallas, TX 75202</u>		Court Claim Number: _____ <i>(if known)</i>
Telephone number: <u>(214) 855-3000</u>		Filed on: _____
Name and address where payment should be sent (if different from above): <u>KSB Exploration, LLC c/o Clay Kimbrell</u> <u>1138 Florida Street</u> <u>Baton Rouge, LA 70802</u>		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
Telephone number: <u>(225) 346-4700</u>		<input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
1. Amount of Claim as of Date Case Filed: \$ <u>See Addendum</u>		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. §507 (a)(). Amount entitled to priority: \$ _____
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		
2. Basis for Claim: <u>See Addendum</u> (See instruction #2 on reverse side.)		*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ <u>See Addendum</u> Amount Unsecured: \$ <u>See Addendum</u>		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
Date: <u>7/27/10</u>	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. <u>[Signature]</u> , PRESIDENT, <u>WILLIAM CLAY KIMBRELL</u>	

FOR COURT USE ONLY



Addendum to Proof of Claim

1. In light of the July 28, 2010 bar date, KSB Exploration, LLC and its affiliates (together, "KSB Exploration") file this Proof of Claim as a precautionary measure to protect their rights under that certain Farmout Letter Agreement (the "Farmout Agreement") regarding the Weyerhaeuser Acreage, LaSalle & Winn Parishes, Louisiana, between Axis E&P, LLC (a Debtor) and Drayco Exploration, LLC ("Drayco Exploration") dated February 4, 2010. A true and correct copy of the Farmout Agreement is attached hereto as **Exhibit A**.

2. The Farmout Agreement has been fully assigned to KSB Exploration and/or its affiliates.

3. This Proof of Claim is filed without prejudice to KSB Exploration's rights and efforts to obtain reformation or amendment of the Farmout Agreement, whether in this bankruptcy case or otherwise.

4. Following, in addition to and/or in lieu of any such reformation or amendment, KSB Exploration may seek to have the Farmout Agreement ratified, assumed, or otherwise recognized by the Bankruptcy Court vis a vis the bankruptcy estate's rights in the Farmout Agreement, and whether the Farmout Agreement is subject to rejection. The filing of this Proof of Claim is without prejudice to KSB Exploration's efforts to seek such recognition or determination.

5. To date, the monetary amount of KSB Exploration's claim has not been determined.

6. KSB Exploration reserves the right to amend and supplement this proof of claim at any time and in any respect. In filing this proof of claim, KSB Exploration (a) does not waive or release its rights against any other entity or person which may be liable for all or any part of

the claims claimed herein; (b) does not submit to the jurisdiction of this Court for any purpose other than with respect to said claim; (c) does not waive, and specifically preserves, all its procedural and substantive defenses to any claim that may be asserted against KSB Exploration by the Debtors or any other party, including any defense based on lack of jurisdiction of this Court to entertain any such claim and KSB Exploration's entitlement to a jury trial; (d) does not waive the right to withdraw the reference with respect to the subject matter of these claims, any objection or other proceedings commenced with respect thereto or any proceedings commenced in these cases against or otherwise involving KSB Exploration; or (e) does not elect a remedy which waives or otherwise affects any other remedy.



February 4, 2010

Drayco Exploration, LLC
311 Texas St.
Vidalia, LA 71373

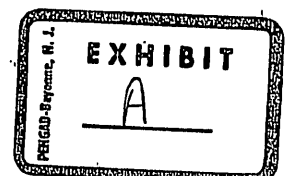
RE: Farmout Letter Agreement; Weyerhaeuser Acreage, LaSalle & Winn Parishes,
LA.

Attention: Mr. James A. Stewart

When agreed to by you, this letter shall set out the terms and conditions under which Axis E&P, LLC, (hereinafter referred to as Axis or Farmor) agrees to farmout its interest in and to the above referenced acreage, insofar as the same cover the lands referred to as Option Area 3 to the "Exploration Agreement between Weyerhaeuser and Axis E&P, LLC, dated December 10, 2007", and being more particularly described on Exhibit "A" attached hereto and made a part hereof, to Drayco Exploration, LLC (hereinafter referred to as Drayco or Farmee):

1. On or before February 28, 2010, Drayco shall commence operations for the drilling of a test well, designated as the Initial Test Well, to a depth sufficient to test the entire Wilcox Formation, at a location of its choice, located on the lands described in Exhibit "A" attached hereto, and subject to the terms and conditions of the above referenced Exploration Agreement.
2. Within Ninety (90) days from the completion of the Initial Test Well, whether said completion should be as a well capable of producing oil or gas in commercial quantities, or plugged and abandoned as a dry hole, Drayco shall commence operations for the drilling of its next test well, to be designated as the Second Test Well, to a depth sufficient to test the entire Wilcox Formation, at a location of its choice, located on the lands described in Exhibit "A" attached hereto, and subject to the terms and conditions of the above referenced Exploration Agreement.

(1)



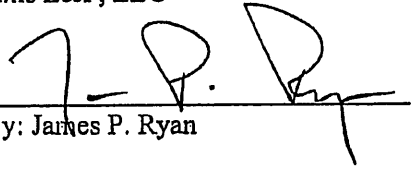
3. Within Ninety (90) days from the completion of the Second Test Well, whether said completion should be as a well capable of producing oil or gas in commercial quantities, or plugged and abandoned as a dry hole, Drayco shall commence operations for the drilling of its next test well, to be designated as the Third Test Well, to a depth sufficient to test the entire Wilcox Formation, at a location of its choice, located on the lands described in Exhibit "A" attached hereto, and subject to the term and conditions of the above referenced Exploration Agreement.
4. Axis will receive a carried one-eighth (1/8th) working interest to casing point in the Initial Test Well drilled in accordance herewith. At casing point, Drayco will deliver Axis a copy of any and all logs, core analysis, or other tests performed on the test well. Should Drayco elect to attempt a completion of the test well, Axis shall notify Drayco of its election whether or not to participate in the completion attempt. Should Axis elect to participate, it shall be responsible for its pro rata share of the actual costs related to the completion attempt. Should Axis elect not to participate in the completion attempt, it shall forfeit its carried working interest in the test well. Should Drayco elect to plug and abandon the test well as a dry hole, Axis reserves the right to take over the test well, and attempt its own completion, at its sole cost and risk, including subsequent plugging and abandoning, and Drayco would forfeit its interest therein to Axis.
5. Axis shall have the right, but is not obligated, to participate in the drilling of subsequent test wells, for an undivided one-eighth (1/8th) working interest.
6. Upon completion of any well as a commercial producer of oil or gas, Axis shall assign unto Drayco, or its designee, sufficient acreage around the well as to comprise whatever unit may be approved by the appropriate governmental authority having jurisdiction over such matters.
7. Axis shall retain an overriding royalty equal to the difference between the existing lease burden and any overriding royalty interest and twenty-two & one-half percent (22.5%), in any such acreage assigned hereunder. In the event Axis' lease covers less than full interest under any tract on which a well is drilled, said royalty and overriding royalty burden shall be proportionately reduced.
8. As an additional consideration, upon completion of the drilling of the first two (2) of the test wells as set out hereinabove, Drayco will earn an assignment from Axis, of the additional acreage described on Exhibit "B" attached hereto and made a part hereof.

9. This agreement is made and accepted, without warranty of title, either express or implied. Drayco shall at its own expense, contract with an attorney for the rendering of a drill-site title opinion, prior to commencement of drilling operations, and upon receipt of same, shall deliver to Axis a complete copy of said drill-site title opinion.
10. Drayco shall indemnify, and shall hold Axis harmless, from any cause of action for damages by any party, arising out of its operations on lands covered hereby, including but not limited to attorney's fees, court costs, damage awards, and/or fines or levies by governmental authority having jurisdiction over any such matter.
11. Failure to drill any of the test wells, as set forth hereinabove, shall result in the nullification of this agreement, and the forfeiture of any and all rights granted herein.
12. No provision contained herein shall be interpreted as the formation of a joint venture or mining partnership between the parties hereto.

Upon your review, if this letter agreement correctly sets forth the terms and conditions of our agreement as you understand it, please indicate so by your signature below. This letter agreement is executed in duplicate originals. Please return one executed copy to Axis, and retain the other executed copy for your files.

Respectfully Submitted,

Axis E&P, LLC


By: James P. Ryan

Drayco Exploration, LLC

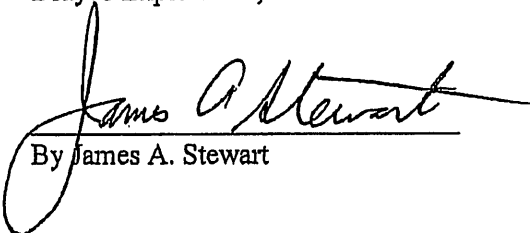

By James A. Stewart

Exhibit "B"

Attached to and made a part of that certain Farmout Letter Agreement dated February 4, 2010, by and between Axis E&P, LLC and Drayco Exploration, LLC.

The "Benton Lease", including access to existing bore hole(s) located thereon, more particularly described as follows, to-wit:

Section 2, Township 6 North, Range 3 East

The Southwest Quarter of the Northwest Quarter (SW/4 of NW/4)

West Catahoula Lake Field

LaSalle Parish, Louisiana

Northern District of Texas Claims Register

10-33566-sgj11 Axis E & P, LP

Judge: Stacey G. Jernigan **Chapter:** 11

Office: Dallas

Last Date to file claims: 07/28/2010

Trustee:

Last Date to file (Govt):

<i>Creditor:</i> (13410709) KSB Exploration, LLC c/o Clay Kimbrell 1138 Florida Street Baton Rouge, LA 70802	Claim No: 8 <i>Original Filed</i> Date: 07/28/2010 <i>Original Entered</i> Date: 07/28/2010	<i>Status:</i> <i>Filed by:</i> AT <i>Entered by:</i> Sutherland, J. <i>Modified:</i>
--------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------

Total claimed:

History:

Details 8-1 07/28/2010 Claim #8 filed by KSB Exploration, LLC, total amount claimed: \$0
(Sutherland, J.)

Description: (8-1) AMOUNT TO BE DETERMINED - SEE ADDENDUM

Remarks:

Claims Register Summary

Case Name: Axis E & P, LP
Case Number: 10-33566-sgj11
Chapter: 11
Date Filed: 05/21/2010
Total Number Of Claims: 1

	Total Amount Claimed	Total Amount Allowed
Unsecured		
Secured		
Priority		
Unknown		
Administrative		
Total	\$0.00	\$0.00