

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re: § Chapter 11
§
PROVIDENT ROYALTIES, LLC, *et al.*, § Case No. 09-33886-HDH-11
§ (Jointly Administered)
Debtors. §

**FOURTH AMENDED CONSOLIDATED PLAN OF LIQUIDATION FOR DEBTORS'
ESTATES UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

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Exhibit A: PR Liquidating Trust Agreement

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The Chapter 11 Trustee and the Committees, under the above-captioned, jointly administered Bankruptcy Cases, hereby propose this Fourth Amended Consolidated Plan of Liquidation for Debtors' Estates Under Chapter 11 of the United States Bankruptcy Code, pursuant to section 1121(a) of the Bankruptcy Code. Reference is made to the Disclosure Statement accompanying the Plan for a discussion of the Debtors' history, results of operations, historical financial information and properties, and for a summary and analysis of the Plan.

UNDER SECTION 1125(B) OF THE BANKRUPTCY CODE, UNLESS OTHERWISE ORDERED BY THE BANKRUPTCY COURT, A VOTE TO ACCEPT OR REJECT THE PLAN CANNOT BE SOLICITED FROM A HOLDER OF A CLAIM OR PREFERRED STOCK INTEREST UNTIL SUCH TIME AS THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AND DISTRIBUTED TO HOLDERS OF CLAIMS, PREFERRED STOCK INTERESTS, AND OTHER EQUITY INTERESTS.

ALL HOLDERS OF CLAIMS AND PREFERRED STOCK INTERESTS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

**ARTICLE I.
DEFINITIONS, RULES OF INTERPRETATION, COMPUTATION OF TIME**

1.1. **Definitions.** Except as expressly provided herein or unless the context otherwise requires, capitalized terms not defined elsewhere in the Plan shall have the meanings assigned to them in this Article.

1.1.1. "**Administrative Claim**": A Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and referred to in section 507(a)(2) of the Bankruptcy Code, including, without limitation, the actual, necessary costs and expenses incurred on or after the Petition Date for preserving the Estate of a Debtor, any actual and necessary costs and expenses of operating the business of a Debtor incurred on or after the Petition Date but prior to the Effective Date (including any Claim incurred in the ordinary course of a Debtor's business which may be paid in the ordinary course of the Debtor's business without Order of the Bankruptcy Court), any indebtedness or obligations incurred or assumed by a Debtor's Estate in connection with the conduct of the Debtor's business on or after the Petition Date and prior to the

Effective Date, compensation for legal and other professional services and reimbursement of expenses awarded under sections 330(a) or 331 of the Bankruptcy Code, outside vendor costs incurred in connection with the duplication and service of the Disclosure Statement, Plan, Ballots and notices associated with the Plan and Confirmation Hearing, and all fees and charges assessed against the Estates under Chapter 123, Title 28, United States Code.

1.1.2. "Administrative Claims Bar Date": The first date that is thirty (30) days following the Effective Date, unless not a Business Day, in which case the Administrative Claims Bar Date will be the first Business Day thereafter.

1.1.3. "Allowed": When used with respect to a Claim or Equity Interest, means the Claim or Equity Interest (as applicable) (a) to the extent that it is listed in the Schedules in a liquidated, non-contingent, and undisputed amount, but only if no proof of Claim or proof of Equity Interest is Filed with the Bankruptcy Court to evidence such Claim or Equity Interest on or before the Bar Date; or (b) any Equity Interest registered in a Debtor's books and records as of the Petition Date; or (c) as evidenced by a proof of Claim or proof of Equity Interest Filed on or before the Bar Date, but only to the extent asserted in a liquidated amount, and only if no objection to the allowance of the Claim or Equity Interest and no motion to expunge the proof of Claim or Equity Interest is Filed on or before the Claims Objection Deadline; or (d) to the extent allowed by a Final Order.

1.1.4. "Allowed Administrative Claim": All or that portion of an Administrative Claim which (a) is or becomes an Allowed Claim, (b) was incurred on or after the Petition Date, but prior to the Effective Date, in the ordinary course of a Debtor's business which may be paid in the ordinary course of the Debtor's business without Order of the Bankruptcy Court, or (c) constitutes a fee or charge assessed against the Estates under Chapter 123, Title 28, United States Code.

1.1.5. "Allowed General Unsecured Claim": All or that portion of a General Unsecured Claim which is or becomes an Allowed Claim.

1.1.6. "Allowed Priority Non-Tax Claim": All or that portion of a Priority Non-Tax Claim which is or becomes an Allowed Claim.

1.1.7. "Allowed Priority Tax Claim": All or that portion of a Priority Tax Claim which is or becomes an Allowed Claim.

1.1.8. "Allowed Secured Claim": All or that portion of a Secured Claim which (a) is or becomes an Allowed Claim secured by a valid, perfected, enforceable and unavoidable Lien on Collateral, or that is subject to setoff under section 553 of the Bankruptcy Code, and (b) has been or hereafter is duly established in the Bankruptcy Cases as a Secured Claim, but only to the extent of the value of the interest of the holder of such Secured Claim in the Debtors' interests in the Assets which the Bankruptcy Court finds to be valid Collateral for such Claim (except if the Class in which such Claim is classified validly and timely makes the election provided in section 1111(b)(2) of the Bankruptcy Code, in which case the entire amount of the Allowed Claim shall be an Allowed Secured Claim).

1.1.9. "Allowed Subordinated Claim": All or that portion of a Subordinated Claim which is or becomes an Allowed Claim.

1.1.10. "Assets": All right, title and interest in and to any and all property of every kind or nature, whether tangible or intangible, owned by a Debtor or its Estate as of the Effective Date, including, but not limited to, Causes of Action.

1.1.11. "Ballot": The form of the ballot for voting to accept or to reject the Plan, which accompanies the Plan and the Disclosure Statement delivered to holders of Claims in Impaired Classes and to holders of Preferred Stock Interests.

1.1.12. "Ballot Deadline": The date set by the Bankruptcy Court as the last date on which Ballots may be submitted.

1.1.13. "Balloting Agent": EPIQ Bankruptcy Solutions, LLC.

1.1.14. "Bankruptcy Cases": The Debtors' bankruptcy cases, collectively, each commenced by the Filing of a voluntary petition on June 22, 2009 with the Bankruptcy Court under Chapter 11 of the Bankruptcy Code, and which are jointly administered under Case No. 09-33886-HDH-11.

1.1.15. "Bankruptcy Code": Title 11 of the United States Code, as applicable to the Bankruptcy Cases as of the Petition Date, including any and all amendments thereto which have been made or are hereafter made retroactively applicable to the Bankruptcy Cases.

1.1.16. "Bankruptcy Court": The United States Bankruptcy Court for the Northern District of Texas, Dallas Division, or in the event such court ceases to exercise jurisdiction over the Bankruptcy Cases, the United States District Court for the Northern District of Texas or any adjunct thereof which comes to exercise jurisdiction over the Bankruptcy Cases.

1.1.17. "Bankruptcy Rules": The Federal Rules of Bankruptcy Procedure, as amended and prescribed under section 2075, Title 28, United States Code, as applicable to the Bankruptcy Cases, together with the Local Rules of the Bankruptcy Court.

1.1.18. "Bar Date": Means (a) October 28, 2009, for the Filing of proofs of Claim and proofs of Equity Interest by all parties other than Governmental Units; and (b) December 18, 2009, for the Filing of proofs of Claims by all Governmental Units. The Bar Date is the last date on which proofs of Claim or proofs of Equity Interest may be timely Filed against the Debtors unless otherwise extended by Final Order of the Bankruptcy Court.

1.1.19. "Business Day": Any day other than a Saturday, Sunday, or "legal holiday" as defined in Bankruptcy Rule 9006(a).

1.1.20. "Cash": Cash and Cash equivalents, including certified checks and wire transfers, that evidence immediately available legal tender of the United States of America.

1.1.21. "Causes of Action": Any action, cause of action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment, and claim, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured,

disputed, undisputed, secured, unsecured and whether asserted or assertable directly or indirectly or derivatively, in law, equity or otherwise, including (a) damages (general, exemplary, or both) relating to or based on (i) fraud, negligence, gross negligence, willful misconduct, or any tort actions, (ii) violations of federal or state securities laws, (iii) violations of applicable corporate or partnership laws, (iv) breaches of fiduciary or agency duties, or (v) causes of action based upon alter ego or other liability theories; (b) damages based on any other claim of the Debtors, to the extent not specifically compromised or released pursuant to the Plan or an agreement referred to, or incorporated into, the Plan or a Final Order entered after notice and opportunity for hearing; (c) any claims of the Debtors for equitable subordination under section 510(c) of the Bankruptcy Code or under other applicable laws; (d) any claim of the Debtors to recharacterize one or more Claims as Preferred Stock Interests or Other Equity Interests; and (e) any objection to any Disputed Claim which includes as a basis any counterclaim by a Debtor, Post-Confirmation Debtor or its Estate for affirmative relief, and which is pending and unresolved as of the Effective Date, together with all liability of the Post-Confirmation Debtors or any of their Estates on account of such Disputed Claim. Causes of Action also specifically include: (i) all claims and defenses asserted by the Post-Confirmation Debtor and/or Chapter 11 Trustee in an adversary proceeding or other civil litigation pending as of the Effective Date; (ii) all tort and common law claims held by the Debtors against any Person; (iii) all claims held by the Debtors whether in contract, tort, or statutory law against the Debtors: (a) customers, (b) Creditors, (c) former officers and directors; (d) suppliers (including any Person with whom the Debtors ever did business); (e) former employees; (f) former managers and affiliates; (g) insurers (including, without limitation, for Directors and officers liability coverage, business interruption, or similar claims); (h) Persons that were or are joint venturers or partners with, or controlling persons of, the Debtors; (i) Governmental Units, including taxing authorities and the United States; and (j) the Debtors' prior professionals, including the Debtors' former attorneys and accountants.

1.1.22. "Chapter 11 Trustee": Dennis L. Roossien, Jr., as the duly-appointed trustee pursuant to section 1104 of the Bankruptcy Code for the Debtors in the Bankruptcy Cases.

1.1.23. "Claim": Any right to payment from a Debtor or Debtor's Estate, whether or not such right is reduced to judgment, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, known or unknown; or any right to an equitable remedy against a Debtor or Debtor's Estate for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured, known or unknown.

1.1.24. "Claimant": A Person asserting a Claim.

1.1.25. "Claims Objection Deadline": Ninety (90) days after the Effective Date, unless extended by the Bankruptcy Court, for cause shown, upon motion Filed with the Bankruptcy Court on or prior to such date.

1.1.26. "Class": Any group of substantially similar Claims, Preferred Stock Interests or Other Equity Interests classified by the Plan pursuant to section 1122 of the Bankruptcy Code.

1.1.27. "Collateral": An Asset subject to a valid, enforceable, and non-avoidable Lien securing the payment or performance of a Claim.

1.1.28. "Committees": Collectively, the Creditors Committee and Investors Committee.

1.1.29. "Confirmation Date": The date of entry of the Confirmation Order by the Bankruptcy Court.

1.1.30. "Confirmation Hearing": The hearing held by the Bankruptcy Court regarding confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.1.31. "Confirmation Order": An Order of the Bankruptcy Court, and any amendments thereto, confirming the Plan in accordance with the provisions of section 1129 of the Bankruptcy Code, including any findings of fact and conclusions of law in relation thereto.

1.1.32. "Creditor": Any Person that is the holder of a Claim that arose on or before the Petition Date or a Claim of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code.

1.1.33. "Creditors Committee": The Official Committee of Unsecured Creditors appointed in the Bankruptcy Cases by the United States Trustee on or about July 14, 2009, pursuant to section 1102 of the Bankruptcy Code.

1.1.34. "Debtors": The Debtors in the Bankruptcy Cases, collectively: Provident Royalties, LLC, Case No. 09-33886; Provident Operating Company, LLC, Case No. 09-33893; Somerset Lease Holdings, Inc., Case No. 09-33892; Somerset Development, Inc., Case No. 09-33912; Provident Energy 1, LP, Case No. 09-33888; Provident Resources 1, LP, Case No. 09-33887; Provident Energy 2, LP, Case No. 09-33894; Provident Energy 3, LP, Case No. 09-33899; Shale Royalties II, Inc., Case No. 09-33889; Shale Royalties 3, LLC, Case No. 09-33891; Shale Royalties 4, Inc., Case No. 09-33890; Shale Royalties 5, Inc., Case No. 09-33895; Shale Royalties 6, Inc., Case No. 09-33896; Shale Royalties 7, Inc., Case No. 09-33898; Shale Royalties 8, Inc., Case No. 09-33900; Shale Royalties 9, Inc., Case No. 09-33902; Shale Royalties 10, Inc., Case No. 09-33901; Shale Royalties 12, Inc., Case No. 09-33903; Shale Royalties 14, Inc., Case No. 09-33905; Shale Royalties 15, Inc., Case No. 09-33904; Shale Royalties 16, Inc., Case No. 09-33906; Shale Royalties 17, Inc., Case No. 09-33913; Shale Royalties 18, Inc., Case No. 09-33907; Shale Royalties 19, Inc., Case No. 09-33908; Shale Royalties 20, Inc., Case No. 09-33910; Shale Royalties 21, Inc., Case No. 09-33909; and Shale Royalties 22, Inc., Case No. 09-33911.

1.1.35. "Deficiency Claim": The amount of a Secured Claim which is not an Allowed Secured Claim; *provided, however*, that if the Secured Claim is within a Class that validly and timely makes the election provided in section 1111(b)(2) of the Bankruptcy Code, there shall be no Deficiency Claim with respect to such Secured Claim.

1.1.36. "Disallowed": When used with respect to a Claim or Equity Interest, any portion thereof, that: (a) has been disallowed by either a Final Order or pursuant to a

settlement; (b) has been withdrawn by the holder of the Claim or Equity Interest; (c)(i) is set forth in the Schedules at zero or as contingent, disputed, or unliquidated and (ii) as to which the Bar Date has been established but no proof of Claim or proof of Equity Interest has been Filed or deemed timely Filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely Filed under applicable law; or (d) has not been scheduled in the Schedules and as to which no Proof of Claim or Equity Interest has been timely Filed or deemed timely Filed with the Bankruptcy Court pursuant to the Bankruptcy Code, a Final Order, or the Plan.

1.1.37. "Disclosure Statement": The *Fourth Amended Disclosure Statement Pursuant to 11 U.S.C. § 1125 in Support of Fourth Amended Consolidated Plan of Liquidation for Debtors' Estates Under Chapter 11 of the United States Bankruptcy Code*, issued in connection with the Plan and approved by the Bankruptcy Court, together with all exhibits, schedules, amendments, modifications, and supplements thereto that have been approved by the Bankruptcy Court.

1.1.38. "Disclosure Statement Hearing": The hearing scheduled by the Bankruptcy Court to consider approval of the Disclosure Statement.

1.1.39. "Disputed": The portion (including, when appropriate, the whole) of a Claim or Equity Interest that is not an Allowed Claim or Allowed Equity Interest as to which: (a) a proof of Claim or Equity Interest has been Filed, or deemed Filed under applicable law or Order of the Bankruptcy Court; (b) an objection has been or may be timely Filed; and (c) such objection has not been: (i) withdrawn, (ii) overruled or denied in whole or in part pursuant to a Final Order, or (iii) granted in whole or part pursuant to a Final Order. Before the time that an objection has been or may be Filed, a Claim or Equity Interest shall be considered a Disputed Claim or Equity Interest (a) if the amount or classification of the Claim or Equity Interest specified in the proof of Claim or Equity Interest exceeds the amount or classification of any corresponding Claim or Equity Interest scheduled by a Debtor in its Schedules, to the extent of such excess; (b) in its entirety, if any corresponding Claim or Equity Interest scheduled by a Debtor has been scheduled as disputed, contingent, or unliquidated in its Schedules; or (c) in its entirety, if no corresponding Claim or Equity Interest has been scheduled by a Debtor in its Schedules.

1.1.40. "Distribution": Any property delivered under the Plan to any holder of a Claim or Preferred Stock Interest, including but not limited to Administrative Claims, on account of such Claim or Preferred Stock Interest.

1.1.41. "Distribution Record Date": The date established by the Bankruptcy Court as the record date for the making of Distributions or the reserving of Distributions, as applicable, to holders of Allowed Preferred Stock Interests, which shall be not earlier than the Effective Date.

1.1.42. "Effective Date": The first date on which all conditions precedent set forth in section 10.2 have been satisfied or waived by the Plan Proponents.

1.1.43. "Equity Interest": The legal, equitable, contractual and other rights of any Person with respect to any partnership, membership, limited liability, common stock, preferred stock, or other ownership interest in a Debtor, whether or not transferable, and

any option, warrant or right to purchase or sell, or subscribe for such a partnership, membership, limited liability, common stock, preferred stock or other interest.

1.1.44. "Estates": Collectively, the bankruptcy estates of the Debtors created upon the Filing of each such Debtor's voluntary petition for bankruptcy relief commencing these jointly administered Bankruptcy Cases, pursuant to, and consisting of all property interests described in or provided by, section 541 of the Bankruptcy Code, including, without limitation, all property interests becoming part of any such estate after the Petition Date in accordance with section 541 of the Bankruptcy Code.

1.1.45. "Exculpated Parties": Means the beneficiaries of the various releases granted in section 11.4 herein.

1.1.46. "Face Amount": Means: (a) with respect to a particular Claim, Preferred Stock Interest, or Other Equity Interest, (i) if the Claim, Preferred Stock Interest or Other Equity Interest is listed in the Schedules and the holder of such Claim, Preferred Stock Interest or Other Equity Interest has not Filed a proof of Claim, Preferred Stock Interest or Other Equity Interest within the applicable period of limitation fixed by the Bankruptcy Court pursuant to the Bankruptcy Code, the Bankruptcy Rules or other applicable law, the amount of such Claim, Preferred Stock Interest or Other Equity Interest that is listed in the Schedules as not disputed, contingent or unliquidated, or (ii) if the holder of such Claim, Preferred Stock Interest or Other Equity Interest has Filed a proof of Claim, Preferred Stock Interest or Other Equity Interest with the Bankruptcy Court within the applicable period of limitation fixed by the Bankruptcy Court pursuant to the Bankruptcy Code, the Bankruptcy Rules or other applicable law, the liquidated amount stated in such proof of Claim, Preferred Stock Interest or Other Equity Interest, or such amount as is determined by Final Order of the Bankruptcy Court; (b) in the case of an Administrative Claim, the liquidated amount set forth in any application Filed with respect thereto, or the amount set forth in the Debtors' books and records or such amount as is determined pursuant to a Final Order; or (c) in all other cases, zero or such amount as shall be fixed or estimated pursuant to a Final Order; or (iii) if the holder of a Preferred Stock Interest asserts a claim based upon an interest in a Provident Partnership, then the amount paid to the subject Provident Partnership for the interest or such amount as is determined by Final Order of the Bankruptcy Court.

1.1.47. "File, Filed, or Filing": Means file, filed, or filing with the Bankruptcy Court in the Bankruptcy Cases, or, in the case of proofs of Claims or Equity Interests, means submit, submitted or submitting to EPIQ Bankruptcy Solutions, LLC, as the official claims noticing and Balloting Agent for the Bankruptcy Cases.

1.1.48. "Final Order": An order, judgment or decree which has not been reversed, amended, vacated or stayed and as to which (a) the time to appeal, petition for *certiorari*, or to move for reargument or rehearing has expired and no appeal, petition for *certiorari*, or request for reargument or rehearing has been made by any party, (b) any right to appeal, petition for *certiorari*, or to seek reargument or rehearing has been waived in writing in form and substance satisfactory to the Chapter 11 Trustee / Plan Agent (if prior to the transfer of Trust Assets to the PR Liquidating Trust) or Liquidating Trustee (as applicable if subsequent to the transfer of Trust Assets to the PR Liquidating Trust), or (c) an appeal, writ of *certiorari*, reargument or rehearing has been taken or sought, and the order, judgment or decree has been upheld or *certiorari*, reargument or rehearing has been denied and, in either case, the time to take any further appeal, to

petition for *certiorari*, or to move for reargument or rehearing has expired; *provided, however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be Filed relating to such order, shall not cause such order not to be a Final Order.

1.1.49. "General Unsecured Claim": An Unsecured Claim, other than a Subordinated Claim.

1.1.50. "Governmental Unit": A governmental unit as such term is defined in section 101(27) of the Bankruptcy Code.

1.1.51. "Impaired": Has the meaning set forth in section 1124 of the Bankruptcy Code.

1.1.52. "Initial Sinclair Settlement": The settlement and compromise agreed to by and among the Debtors and the Sinclair Entities pursuant to Bankruptcy Rule 9019, which is memorialized by that certain Termination, Release and Subordination Agreement and approved by Order of the Bankruptcy Court dated August 26, 2009 [Docket No. 235], in which Sinclair and the Debtors agreed to: (a) termination of their Purchase & Participation Agreement; (b) Sinclair's release of all Claims against the Debtors related to the Purchase & Participation Agreement; (c) subordination of \$25 million of Sinclair's Allowed General Unsecured Claim to the recoveries of unsecured creditors (excluding certain Claims of entities related to the Debtors), and contribution of the first \$1.25 million of such Claim to the Chapter 11 Trustee for the benefit of the holders of Preferred Stock Interests; (d) payment of the transactions costs associated with the Sinclair Sale; and (e) a mutual release of claims pursuant to the terms of their Termination and Release Agreement.

1.1.53. "Initial Trust Assets": Collectively, all claims and Causes of Action held by any Debtor's Estate, plus \$5 million in Cash.

1.1.54. "Investors Committee": The Official Investors Committee appointed in the Bankruptcy Cases by the United States Trustee on or about July 30, 2009, pursuant to section 1102 of the Bankruptcy Code.

1.1.55. "Lien": A charge against or interest in property to secure payment of a debt or performance of an obligation, including, but not limited to, a mortgage, deed of trust lien, security interest, judicial lien, pledge, encumbrance, or writ of attachment.

1.1.56. "Liquidating Trustee": The trustee of the PR Liquidating Trust.

1.1.57. "Litigation and Administration Reserve": The reserve to be established and maintained by the Liquidating Trustee pursuant to the provisions of section 8.12 of the Plan.

1.1.58. "Net Available Funds": The Cash on hand of the Estates or PR Liquidating Trust, as the case may be, excluding funds required for the payment of expenses of administration under this Plan or otherwise required to be reserved under this Plan.

1.1.59. "Order": Any mandate, precept, command, or direction formally given or entered by the Bankruptcy Court.

1.1.60. "Other Equity Interests": The legal, equitable, contractual, and other rights of any Person with respect to any partnership, membership, limited liability, common stock, or other ownership interest in a Debtor (excluding preferred stock), whether or not transferable, and any option, warrant or right to purchase or sell, or subscribe for such a partnership, membership, limited liability, common stock, or other interest (excluding Preferred Stock Interest).

1.1.61. "Person": An individual, corporation, partnership, joint venture, association, limited liability company, limited liability partnership, trust, estate, unincorporated organization, governmental entity or political subdivision thereof, or any other entity.

1.1.62. "Petition Date": June 22, 2009, the date of the Filing of each of the Bankruptcy Cases.

1.1.63. "Plan": This *Fourth Amended Consolidated Plan of Liquidation for Debtors' Estates Under Chapter 11 of the United States Bankruptcy Code*, pursuant to section 1121(a) of the Bankruptcy Code, in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with section 12.2 hereof.

1.1.64. "Plan Agent": The Chapter 11 Trustee, from and after the Effective Date.

1.1.65. "Plan Documents": The agreements, documents, and instruments entered into on or as of the Effective Date as contemplated by, and in furtherance of, the Plan (including all documents necessary to consummate the transactions contemplated in the Plan), copies of which shall be available to Creditors upon request to the Chapter 11 Trustee, and, subsequent to the transfer of Trust Assets and such Plan Documents to the PR Liquidating Trust, to beneficiaries thereof upon request to the Liquidating Trustee.

1.1.66. "Plan Proponents": Collectively, the Chapter 11 Trustee and the Committees.

1.1.67. "Post-Confirmation Debtors": The Debtors, following the Effective Date of the Plan.

1.1.68. "PR Liquidating Trust": The liquidating trust to be established for the benefit of holders of Allowed Preferred Stock Interests in accordance with the provisions of section 6.2 of this Plan.

1.1.69. "Preferred Stock Interest": The legal, equitable, contractual and other rights of a Person who purchased preferred stock in the course of private placement offerings made by the Debtors and Provident Partnerships, and any option, warrant or right to purchase or sell, or subscribe for such preferred stock.

1.1.70. "Priority Non-Tax Claim": A Claim entitled to priority in payment under section 507(a) of the Bankruptcy Code other than an Administrative Claim or Priority Tax Claim.

1.1.71. "Priority Tax Claim": A Claim of a Governmental Unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code, including any Secured Claim that would otherwise meet the description of an Unsecured Claim of a Governmental Unit under section 507(a)(8) of the Bankruptcy Code but for the secured status of that Claim, but excluding any portion of such Claim that is a Subordinated Claim.

1.1.72. "Professional": Any Person (a) employed pursuant to an Order of the Bankruptcy Court pursuant to sections 327 or 1103 of the Bankruptcy Code providing for compensation for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) seeking compensation and reimbursement pursuant to sections 503(b)(2) or (4) of the Bankruptcy Code.

1.1.73. "Professional Fee Claim": The Allowed Claim of a Professional pursuant to sections 327, 328, 330, 331, 363, 503(b) or 1103 of the Bankruptcy Code for compensation or reimbursement of costs and expenses relating to services performed from and after the Petition Date and before and including the Effective Date, as well as the allowed reimbursable expenses incurred by members of the Committees.

1.1.74. "Pro Rata Share": Means, at any time, the proportion that the Face Amount of the Allowed Claim or Allowed Preferred Stock Interest in a particular Class bears to the aggregate Face Amount of all Allowed Claims or Allowed Preferred Stock Interests, as applicable, in such Class.

1.1.75. "Provident Partnership": Means Provident Energy 1, LP; Provident Resources 1 LP; Provident Energy 2 LP; and Provident Energy 3 LP.

1.1.76. "Reserved Matters": Certain pending Causes of Action, lawsuits or other proceedings constituting Trust Assets but which the Liquidating Trustee and Plan Agent may agree, in their discretion, that the Plan Agent should administer, as provided for and defined in section 6.2.4.

1.1.77. "Schedules": The Schedules of Assets and Liabilities and the Statements of Financial Affairs Filed by or on behalf of each Debtor in the Bankruptcy Cases pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as they have been or may hereafter be amended, modified or supplemented.

1.1.78. "Secured Claim": A Claim which is secured by a Lien on Collateral, or that is subject to setoff under section 553 of the Bankruptcy Code, and shall include, but not be limited to, any amounts which are asserted under section 506(b) of the Bankruptcy Code as part of such Claim; *provided, however*, that: (a) a Claim shall only be subject to Secured Claim status to the extent such Claim has been duly and timely evidenced as a Secured Claim in the Bankruptcy Cases; and (b) a Claim which qualifies as both a Secured Claim pursuant to the foregoing description and also a Priority Tax Claim as defined in section 1.1.68 of this Plan shall be treated as a Priority Tax Claim, and not a Secured Claim, for purposes of this Plan. To the extent the value of any property securing such Claim is less than the amount of such Claim, the difference

between such value and such Claim is a Deficiency Claim unless the holder of such Claim validly elects under section 1111(b) of the Bankruptcy Code to have such Claim treated as a Secured Claim to the extent Allowed.

1.1.79. "Sinclair": Sinclair Oil & Gas Company.

1.1.80. "Sinclair Allocation": The 10% beneficial interest granted to Sinclair in the net proceeds of the Sinclair Allocation Claims, pursuant to the Sinclair Settlement.

1.1.81. "Sinclair Allocation Claims": Any and all claims assertable by the Plan Agent or PR Liquidating Trustee against Messrs. Paul Melbye, Henry Harrison, Brendan Coughlin, and/or Joseph Blimline, and/or any other officer or director of the Debtors, or any non-Debtor affiliate or relative of any of the foregoing individuals, whether in that certain civil action commenced by the Securities and Exchange Commission in the United States District Court for the Northern District of Texas, Case No. 09-1238, or in the Bankruptcy Case, including, but not limited to, recoveries from any director's and officer's insurance policies, and including, without limitation, any such claims that the Sinclair Entities have assigned to the PR Liquidating Trust pursuant to the Sinclair Settlement.

1.1.82. "Sinclair Cash Payment": The \$8 million Cash payment to Sinclair under the Sinclair Settlement.

1.1.83. "Sinclair Entities": Collectively, Sinclair Oil and Gas Company and Sinclair Finance Company.

1.1.84. "Sinclair Settlement": The settlement and compromise agreed to by and among the Chapter 11 Trustee, the Sinclair Entities, and the Investors Committee, pursuant to Bankruptcy Rule 9019, which is memorialized by that certain Settlement and Release Agreement dated as of February 22, 2010, and embodied in the provisions of this Plan, and that controls the agreed treatment of any and all Claims of the Sinclair Entities against the Debtors, other than to the extent that such claims arise pursuant to that certain Agreement for Purchase and Sale, dated June 22, 2009 among Sinclair and certain of the Debtors.

1.1.85. "Sinclair Settlement Claim": The surviving Claim of the Sinclair Entities against the Post-Confirmation Debtors or their Estates pursuant to the Sinclair Settlement, composed of: (i) the Sinclair Cash Payment (as defined herein below) of \$8 million to be paid on or prior to the Effective Date of this Plan; and (ii) the Sinclair Allocation.

1.1.86. "Sinclair Subordinated Claim": The General Unsecured Claim of Sinclair Finance Company in the amount of \$25 million, plus accrued interest as of the Petition Date, which Sinclair Finance Company has agreed to entirely subordinate to holders of General Unsecured Claims (other than certain Claims of affiliates), and to contribute the first \$1.25 million to the Chapter 11 Trustee for the benefit of holders of Preferred Stock Interests on account of the Sinclair Subordinated Claim, as Allowed by Order of the Bankruptcy Court dated August 26, 2009 [Docket No. 235]. The Sinclair Subordinated Claim also includes any other Allowed Claim in favor of a Sinclair Entity which is Ordered by the Bankruptcy Court to be subordinated pursuant to, or in accordance with, section 510 of the Bankruptcy Code.

1.1.87. "Subordinated Claim": Shall mean (i) a Subordinated Tax Penalty Claim, and (ii) all or any portion of a Claim which is Ordered by the Bankruptcy Court to be subordinated in payment pursuant to, or in accordance with, section 510 of the Bankruptcy Code.

1.1.88. "Subordinated Tax Penalty Claim": Any Claim against the Debtors, Post-Confirmation Debtors or their Estates in connection with any tax liability and for any fine, penalty, disgorgement, forfeiture order of restitution or for multiple, exemplary, or punitive damages (other than the type specified in section 507(a)(8)(G)) of the Bankruptcy Code to the extent that such fines, penalties, disgorgements, forfeitures, orders of restitution, or damages are not compensation for actual pecuniary loss suffered by a holder of such Claim; *provided, however*, in accordance with 18 U.S.C. § 3613(e), nothing herein shall apply to any fine, penalty, disgorgement, forfeiture, order of restitution entered or ordered in connection with any criminal action or criminal proceeding by the United States.

1.1.89. "Trust Agreement": The PR Liquidating Trust and Declaration of Trust, by and between the Chapter 11 Trustee and the Liquidating Trustee, which is established pursuant to this Plan.

1.1.90. "Trust Assets": All remaining Assets of the Debtors, Post-Confirmation Debtors and their Estates net of the Plan Agent's costs of administering the Plan, following the first date on which all Allowed and Disputed unclassified Claims, the Sinclair Cash Payment and all Claims in Classes 1 through 3 and 5, have been fully paid or administered by the Plan Agent, or transferred to the PR Liquidating Trust, plus the Initial Trust Assets.

1.1.91. "Trust Documentation": The documents executed to create the PR Liquidating Trust in accordance with the provisions of section 6.2 of this Plan, expressly including the Trust Agreement.

1.1.92. "Trust Oversight Committee": The committee established pursuant to section 6.2.9 of this Plan.

1.1.93. "Unimpaired": A Claim, Preferred Stock Interest or Other Equity Interest that is not Impaired.

1.1.94. "Unsecured Claim": A Claim which is not an Administrative Claim, Priority Tax Claim, Priority Non-Tax Claim or Secured Claim. Unsecured Claims shall include, without limitation, Deficiency Claims and Claims arising from the rejection of executory contracts and/or unexpired leases pursuant to sections 365 and/or 1123(b)(2) of the Bankruptcy Code.

1.1.95. "Voting Deadline": The deadline for the receipt of completed and duly-executed Ballots by the Balloting Agent, as set forth within the Bankruptcy Court's Order approving the Disclosure Statement or such other Order of the Bankruptcy Court entered thereafter which extends such deadline.

1.2. **Rules of Interpretation and Construction**

- (a) Any term used in the Plan that is not defined herein, whether in Article I or elsewhere, but that is defined in the Bankruptcy Code, the Bankruptcy Rules, or any exhibits attached to the Plan or the Disclosure Statement, shall have the meaning ascribed to it therein.
- (b) If a conflict between the Plan and the Disclosure Settlement exists, the Plan will control. If a conflict between the Plan and any document implementing the Plan exists, the document implementing the Plan will control. If a conflict between the Plan and the Confirmation Order exists, the Confirmation Order will control.
- (c) The words "herein," "hereof," "hereunder," and others of similar import refer to the Plan as a whole and not to any particular article, section, or clause contained in the Plan.
- (d) Unless specified otherwise in a particular reference, a reference in the Plan to an article or section is a reference to that article or section of the Plan.
- (e) Unless otherwise provided for herein, any reference in the Plan to an existing document or instrument means such document or instrument as it may have been amended, modified, or supplemented from time to time.
- (f) As contextually appropriate, each term stated in either the singular or plural shall apply to both the singular and the plural.
- (g) In addition to the foregoing, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan.
- (h) In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.
- (i) All exhibits to the Plan are incorporated into the Plan, and shall be deemed to be included in the Plan, regardless of when Filed with the Bankruptcy Court.

**ARTICLE II.
CLASSIFICATION OF CLAIMS, PREFERRED STOCK INTERESTS,
AND OTHER EQUITY INTERESTS**

2.1. **Classification Generally.** All Allowed Claims, except Allowed Administrative Claims and Allowed Priority Tax Claims, all Preferred Stock Interests and all Other Equity Interests are placed into Classes under the Plan. A Claim is classified within a particular Class only to the extent that the Claim qualifies under the description of that Class. A Preferred Stock Interest or Other Equity Interest is classified within a particular Class only to the extent that the Preferred Stock Interest or Other Equity Interest qualifies under the description of that Class. A proof of Claim asserting a Claim which is properly includible in more than one Class is only entitled to inclusion within a particular Class to the extent that it qualifies under the description of such Class, and shall be included within a different Class(es) to the extent that it qualifies under the description of such different Class(es).

2.2. **Unclassified Claims.** As provided in section 1123(a) of the Bankruptcy Code, the following types of Claims are not classified under the Plan:

Allowed Administrative Claims
Allowed Priority Tax Claims

2.3. **Classified Claims, Preferred Stock Interests, and Other Equity Interests.** The following table is a summary of the classification and treatment of Claims, Preferred Stock Interests, and Other Equity Interests under the Plan:

Class	Type of Allowed Claim or Interest	Treatment	Status
1	Allowed Secured Claims	Paid in full in Cash or return of Collateral on the later of 15 days after the Effective Date or 15 days after becoming an Allowed Secured Claim.	Impaired. Entitled to Vote.
2	Allowed Priority Non-Tax Claims	Paid in full in Cash on the later of 15 days after the Effective Date or 15 days after becoming an Allowed Priority Non-Tax Claim.	Unimpaired. Deemed to accept the Plan.
3	Allowed General Unsecured Claims	Paid in full in Cash plus, subject to the availability of Assets, 5% interest, on the later of 15 days after the Effective Date or 15 days after becoming an Allowed General Unsecured Claim.	Impaired. Entitled to Vote.
4	Sinclair Claim	If the Sinclair Settlement is not approved by the Bankruptcy Court on or before April 30, 2010, at the election of Sinclair: <u>Option A</u> Receive the Sinclair Cash Payment 15 days after Effective Date, if not previously made, and the right to receive 10% of net recoveries on the Sinclair Allocation Claims; this option is deemed elected if the Sinclair Settlement is approved by the Bankruptcy Court and the Sinclair Cash Payment is made on or	Impaired. Entitled to Vote.

Class	Type of Allowed Claim or Interest	Treatment	Status
		before April 30, 2010; <u>Option B</u> Payment in Cash, with, subject to the availability of Assets, interest at the prevailing federal fund rate, of the Sinclair Subordinated Claim within 15 days after all Allowed Administrative Claims, Allowed Priority Tax Claims, and all Allowed Claims in Classes 1 through 3 have been paid in full (subject to the contribution of the first \$1.25 million to the Chapter 11 Trustee on account of the Sinclair Allowed Claim as provided in the Initial Sinclair Settlement).	
5	Allowed Subordinated Claims	Paid in Cash, with, subject to the availability of Assets, interest at the prevailing federal fund rate, within 15 days after the later of (i) becoming Allowed, or (ii) all Allowed Administrative Claims, Allowed Priority Tax Claims, all Allowed Claims on Classes 1 through 3, and the Sinclair Cash Payment (or Sinclair Subordinated Claim, if applicable) have been paid in full.	Impaired. Entitled to Vote.
6	Allowed Preferred Stock Interests	Pro Rata Share beneficiaries of the PR Liquidating Trust (net of the Sinclair Allocation)	Impaired. Entitled to Vote. Affirmative Vote for Plan assigns holders' personal claims against third parties to the PR Liquidating Trust for pursuit and liquidation, unless the holder exercises the Opt-Out Election .
7	Other Equity Interests	Other Equity Interests to be extinguished and entitled to no distributions under the Plan.	Impaired. Not entitled to Vote.

**ARTICLE III.
PROVISIONS FOR THE TREATMENT OF UNCLASSIFIED CLAIMS**

3.1. Administrative Claims

3.1.1. Time for Filing Administrative Claims. The holder of any Administrative Claim that is incurred, accrued, or in existence prior to the Effective Date, other than (a) a Professional Fee Claim, (b) an Allowed Administrative Claim, or (c) a liability incurred and paid in the ordinary course of business by a Debtor, must File with the Bankruptcy Court and serve on all parties required to receive such notice (including, without limitation, the Debtors, the Committees, the Chapter 11 Trustee, the United States Trustee, and following the Effective Date of the Plan, the Liquidating Trustee) an application for the allowance of such Administrative Claim on or before thirty (30) days after the Effective Date, which is the Administrative Claims Bar Date. Such notice must include, at a minimum, (i) the name of the holder of the Claim, (ii) the amount of the Claim, and (iii) the basis for the Claim. Failure to timely and properly File and serve the application required under this subsection shall result in the Administrative Claim being forever barred and discharged. Any party in interest with standing to object to such an application may File such an objection thereto, but any objection must be Filed within twenty-one (21) days after the date the application for the allowance of such Administrative Claim is served. No hearing may be held until the twenty-one (21) day objection period has expired.

3.1.2. Time for Filing Professional Fee Claims. Each Professional who holds or asserts an Administrative Claim that is a Professional Fee Claim for compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date shall be required to File with the Bankruptcy Court and serve on all parties required to receive such notice a fee application within sixty (60) days after the Effective Date. Failure to timely and properly File and serve a fee application as required under this section shall result in the Professional Fee Claim being forever barred and discharged. No Professional Fee Claim will be deemed Allowed until an Order allowing the Professional Fee Claim becomes a Final Order. Any party in interest with standing to object to a Professional Fee Claim may File such an objection to thereto, but any objection must be Filed within twenty-one (21) days after the date the fee application is served. No hearing may be held until the twenty-one (21) day objection period has expired.

3.1.3. Allowance of Administrative Claims. An Administrative Claim, other than a Professional Fee Claim, with respect to which notice has been properly Filed, shall become an Allowed Administrative Claim if no timely objection is Filed. If a timely objection is Filed, the Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order. An Administrative Claim that is a Professional Fee Claim, and with respect to which a fee application has been properly Filed and served shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order.

3.1.4. Treatment. In full and final satisfaction of Allowed Administrative Claims, each Allowed Administrative Claim shall, unless otherwise agreed, be paid in full in Cash by the Plan Agent by the later of (a) fifteen (15) days after the Effective Date, or (b)

fifteen (15) days after becoming an Allowed Administrative Claim; *provided, however*, that Allowed Administrative Claims that represent liabilities incurred on or after the Petition Date, but prior to the Effective Date, in the ordinary course of the Debtors' businesses which may be paid in the ordinary course of the Debtors' businesses without Order of the Bankruptcy Court, shall be paid in accordance with the agreements related thereto. Each Allowed Professional Fee Claim, after deducting any retainer, shall be paid by the Plan Agent within five (5) Business Days after such Professional Fee Claim is Allowed by a Final Order.

3.2. **Allowed Priority Tax Claims.** In full and final satisfaction of Allowed Priority Tax Claims, each Allowed Priority Tax Claim shall, by the later of (a) fifteen (15) days after the Effective Date, or (b) fifteen (15) days after becoming an Allowed Priority Tax Claim; unless otherwise agreed, be paid in full in Cash in accordance with section 1129(a)(9)(C) of the Bankruptcy Code. Notwithstanding the foregoing, any portion of such Allowed Priority Tax Claim that is a Subordinated Tax Penalty Claim shall be treated as a Class 5 Allowed Subordinated Claim and shall be entitled to receive a Distribution ONLY after payment in full of all Allowed Administrative Claims, all Allowed Priority Tax Claims, all Allowed Claims in Classes 1, 2 and 3, and the Sinclair Cash Payment (defined below).

3.3. **Payment of Statutory Fees.** All fees due and payable on or before the Effective Date (a) pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, and (b) to the United States Trustee, shall be paid by the Plan Agent within fifteen (15) days following the Effective Date. From and after the Effective Date, any fees and charges which are assessed under Chapter 123, Title 28, United States Code, in relation to the Bankruptcy Cases shall be paid by the Plan Agent as they become due pending his final transfer of Trust Assets to the PR Liquidating Trust, and thereafter paid by the Liquidating Trustee.

ARTICLE IV.

PROVISIONS FOR THE TREATMENT OF CLASSIFIED CLAIMS, PREFERRED STOCK INTERESTS AND OTHER EQUITY INTERESTS; IDENTIFICATION OF IMPAIRED CLASSES

4.1. **Class 1: Allowed Secured Claims**

4.1.1. **Treatment.** In full and final satisfaction of Allowed Secured Claims, each such Allowed Secured Claim shall, unless otherwise agreed between the Claimant and the Plan Agent, be satisfied the later of (a) fifteen (15) days after the Effective Date, or (b) fifteen (15) days after becoming an Allowed Secured Claim, in one of the following ways at the option of the Plan Agent:

- (a) the Allowed Secured Claim shall be paid in full in Cash; or
- (b) the Plan Agent shall transfer to the holder of the Allowed Secured Claim the Collateral securing the Allowed Secured Claim.

4.1.2. **Lien Releases.** As soon as practicable upon payment in full of an Allowed Secured Claim, the holder of such Allowed Secured Claim shall release or transfer to the Plan Agent any and all Liens affecting the Assets of the Debtors, the Post-Confirmation Debtors or their Estates.

4.1.3. Full and Final Satisfaction. The Distributions, if any, provided in this section 4.1 are in full and final settlement, release and satisfaction of each such holder's Allowed Secured Claim against the Debtors, the Post-Confirmation Debtors and their Estates.

4.1.4. Impairment and Voting. Class 1 is Impaired under the Plan. Holders of Allowed Secured Claims shall be entitled to vote to accept or reject the Plan. Holders of any Deficiency Claim shall be entitled to vote that portion of their Claim as an Allowed General Unsecured Claim in Class 3.

4.2. **Class 2: Allowed Priority Non-Tax Claims**

4.2.1. Treatment. In full and final satisfaction of Allowed Priority Non-Tax Claims, each Allowed Priority Non-Tax Claim shall, unless otherwise agreed, be paid in full in Cash the later of (a) fifteen (15) days after the Effective Date, or (b) fifteen (15) days after becoming an Allowed Priority Non-Tax Claim.

4.2.2. Full and Final Satisfaction. The Distributions, if any, provided in this section 4.2 are in full and final settlement, release and satisfaction of each such holder's Allowed Priority Non-Tax Claim against the Debtors, the Post-Confirmation Debtors and their Estates.

4.2.3. Impairment and Voting. Class 2 is Unimpaired under the Plan. Holders of Allowed Priority Non-Tax Claims shall be deemed to have accepted the Plan.

4.3. **Class 3: Allowed General Unsecured Claims**

4.3.1. Treatment. In full and final satisfaction of Allowed General Unsecured Claims, each such Allowed General Unsecured Claim shall, unless otherwise agreed between the Claimant and the Plan Agent, be satisfied as follows:

- (a) Subject to the availability of Assets sufficient to pay all Allowed General Unsecured Claims in full, with interest, Allowed General Unsecured Claims shall be entitled to interest on their Claims at a rate of five percent (5%), accruing as of the Petition Date; *provided, however*, that in no event shall interest accrue on any General Unsecured Claim in excess of five percent (5%) of the Allowed, original principal amount of same.
- (b) Subject to the availability of Net Available Funds, within fifteen (15) days following the Effective Date, the Plan Agent shall pay, in Cash, the Allowed General Unsecured Claims, with interest as set forth in section 4.3.1(a). Thereafter, subject to the availability of Net Available Funds, within fifteen (15) days of the first date on which a Disputed General Unsecured Claim becomes Allowed, if any, the Plan Agent shall pay such previously Disputed and unpaid Allowed Claim, in Cash, with any interest due according to section 4.3.1(a). In the event that Net Available Funds shall be insufficient to pay all Allowed General Unsecured Claims, with interest, within the time period provided in this section, the Plan Agent shall make interim Distributions on account of such Claims within the time so provided, with the balance to be paid, from time to time, when there are additional Net Available Funds to permit further Distributions.

4.3.2. Full and Final Satisfaction. The Distributions, if any, provided in this section 4.3 are in full and final settlement, release and satisfaction of each such holder's Allowed General Unsecured Claim against the Debtors, the Post-Confirmation Debtors and their Estates.

4.3.3. Deemed Allowed General Unsecured Claims. A *Schedule of Deemed Allowed General Unsecured Claims* is attached to the Disclosure Statement as **Exhibit "D,"** and identifies and discloses the General Unsecured Claims that the Chapter 11 Trustee will not Dispute in any part, but rather shall be deemed Allowed as of the Effective Date and paid pursuant to this Plan.

4.3.4. Impairment and Voting. Class 3 is Impaired under the Plan. Holders of Allowed General Unsecured Claims shall be entitled to vote to accept or reject the Plan.

4.4. **Class 4: Sinclair Claim**

4.4.1. Treatment. In full and final satisfaction of any and all Claims asserted by the Sinclair Entities in these Bankruptcy Cases, other than to the extent that such Claims arise in connection with that certain Agreement for Purchase and Sale, dated June 22, 2009 among Sinclair and certain Debtors, Sinclair at its election may elect either Option A or Option B as set forth below:

Option A

Not later than fifteen (15) days following the Effective Date, if not previously paid pursuant to an Order of the Bankruptcy Court approving the Sinclair Settlement, the Plan Agent shall make the Sinclair Cash Payment. In addition, effective immediately upon the Effective Date, if not previously accomplished, Sinclair shall receive the Sinclair Allocation. The Sinclair Allocation shall be calculated net of the costs and expenses incurred to liquidate the Sinclair Allocation Claims, and shall be paid to Sinclair as a cost and expense of the Estates or PR Liquidating Trust, as the case may be. Sinclair shall not become or be deemed to be a beneficiary of the PR Liquidating Trust by virtue of the Sinclair Allocation, and shall not otherwise share in any Distributions to such beneficiaries.

In the event the Bankruptcy Court does not enter an Order approving the Sinclair Settlement on or before April 30, 2010, the Plan incorporates the Sinclair Settlement and, at the election of Sinclair, permits the Sinclair Settlement to be implemented pursuant to the Plan. This Plan constitutes the Chapter 11 Trustee's formal motion and request to the Bankruptcy Court for approval of the Sinclair Settlement incorporated herein, pursuant to Bankruptcy Rule 9019, and the Bankruptcy Court's Confirmation Order shall incorporate the Bankruptcy Court's findings and conclusions that the Sinclair Settlement is fair and equitable, and in the best interests of the Debtors' Estates.

If on or before April 30, 2010, (i) an Order has been entered by the Bankruptcy Court approving the Sinclair Settlement, and (ii) the Sinclair Cash Payment has been made, Sinclair is deemed to have elected Option A. In the event that Sinclair is deemed to have elected Option A, the Sinclair Settlement shall control with respect to any inconsistencies between the Plan and the Sinclair Settlement.

Option B

The Sinclair Subordinated Claim shall be paid, with, subject to the availability of Assets, interest at the prevailing federal funds rate, within fifteen (15) days after all Administrative Claims, all Priority Tax Claims and all Claims in Classes 1 through 3 have been fully satisfied, subject to contribution of the first \$1.25 million on account of the Sinclair Subordinated Claim to the Chapter 11 Trustee pursuant to the Initial Sinclair Settlement. Subject to the availability of sufficient Assets to pay all Allowed Claims in senior Classes, as soon as reasonably practicable following the Effective Date, the \$1.25 million will be transferred by the Chapter 11 Trustee to the PR Liquidating Trust.

4.4.2. Full and Final Satisfaction. The treatment provided in this section 4.4 is in full and final settlement, release and satisfaction of all Claims which the Sinclair Entities, or any of them, may assert against the Debtors, the Post-Confirmation Debtors, their Estates, or the PR Liquidating Trust; *provided however*, that notwithstanding any other provision of this Plan, neither the Sinclair Settlement nor this Plan shall operate to waive, release, or adversely impact any claims held by the Estates against any Sinclair Entities, or by the Sinclair Entities against any of the Debtors' Estates, solely to the extent that such claims of the Debtors' or the Sinclair Entities arise in connection with that certain Agreement for Purchase and Sale, dated June 22, 2009, among certain of the Debtors and Sinclair, all of which claims are expressly reserved and preserved hereunder.

4.4.3. Impairment and Voting. Class 4 is Impaired under the Plan. Sinclair shall be entitled to vote to accept or reject the Plan.

4.5. Class 5: Allowed Subordinated Claims

4.5.1. Treatment. In full and final satisfaction of Allowed Subordinated Claims, each holder of an Allowed Subordinated Claim shall, unless otherwise agreed, and subject to the availability of Assets and Net Available Funds, be paid in Cash, with interest at the prevailing federal fund rate, within fifteen (15) after the later of (a) becoming Allowed, or (b) all Administrative Claims, all Priority Tax Claims, all Claims in Classes 1, 2 and 3 have been fully satisfied or appropriately reserved in accordance with the provisions of the Plan, and the Sinclair Cash Payment (or the Sinclair Subordinated Claim if Option B is elected) have been paid in full.

4.5.2. Full and Final Satisfaction. The Distributions, if any, provided in this section 4.5 are in full and final settlement, release and satisfaction of each such holder's Allowed Subordinated Claim against the Debtors, the Post-Confirmation Debtors or their Estates.

4.5.3. Impairment and Voting. Class 5 is Impaired under the Plan. Holders of Allowed Subordinated Claims shall be entitled to vote to accept or reject the Plan.

4.6. Class 6: Preferred Stock Interests

4.6.1. Treatment. Each Allowed Preferred Stock Interest shall receive a beneficial interest in the PR Liquidating Trust and, subject to the availability of Assets sufficient to pay all Allowed Claims in senior Classes in full, with interest, shall be entitled to Pro Rata Share Distributions, *pari passu* with all other Allowed Preferred Stock Interests, of all Net Available Funds distributed from the PR Liquidating Trust (subject to

the limitation applicable to Preferred Stock Interest holders who exercise or are deemed to have exercised the Opt-Out Election discussed in section 4.6.4 of this Plan), and after deducting the Sinclair Allocation from the net proceeds of Sinclair Allocation Claims.

4.6.2. Impairment and Voting. Class 6 is Impaired under the Plan. Holders of Preferred Stock Interests shall be entitled to vote to accept or reject the Plan.

4.6.3. **TRANSFER OF INVESTOR CLAIMS AGAINST THIRD PARTIES.** Each holder of a Preferred Stock Interest in Class 6 under this Plan who submits a Ballot voting in favor of the Plan will, effective automatically as of the Effective Date and without the need for further action by any Person or the Bankruptcy Court, be deemed to have thereby assigned and transferred to the PR Liquidating Trust, for the collective benefit of PR Liquidating Trust beneficiaries, any and all rights, title, and interest in claims held by such holder against third parties, but solely to the extent that such claims relate to the holder's investment in one or more Debtors, and thereby to have appointed the Liquidating Trustee to be such holder's true and lawful attorney-in-fact as to such claims. Such assignment expressly includes, but is not limited to, claims held personally by any such holder, and following such assignment, the Liquidating Trustee shall have, without limitation, all standing to assert and pursue such claims that the assigning holder had prior to assigning its claim(s) to the PR Liquidating Trust, to the greatest extent permitted by law or equity.

4.6.4. **OPT-OUT BALLOT ELECTION.** Plan Ballots delivered to holders of Preferred Stock Interests in Class 6 for purposes of voting on the Plan contain an "Opt-Out Election" allowing such holders to elect out of the assignment provided in section 4.6.3 of this Plan. Preferred Stock Interest holders who exercise this Opt-Out Election will not be deemed thereby to have assigned such holder's personal claims to the PR Liquidating Trust. If the holder of a Preferred Stock Interest submits a Ballot voting in favor of the Plan, the holder **MUST** affirmatively exercise the Opt-Out Election in order to prevent the assignment of a Preferred Stock Interest holder's personal claims against third parties to the PR Liquidating Trust as provided for in section 4.6.3. Holders of Preferred Stock Interests that do not submit Ballots voting on the Plan shall be deemed to have exercised the Opt-Out Election.

(a) ***OPTING OUT SHALL LIMIT A PREFERRED STOCK INTEREST HOLDER'S DISTRIBUTION FROM THE PR LIQUIDATING TRUST.*** In order to avoid an inequitable double recovery to beneficiaries of the PR Liquidating Trust who choose to exercise or that have been deemed to have exercised the Opt-Out Election, Pro Rata Share Distributions shall be computed by the Liquidating Trustee to reflect whether a holder of Class 6 Preferred Stock Interests refused to assign to the PR Liquidating Trust such holder's personal claims against third parties:

(i) The Liquidating Trustee shall liquidate all claims assigned to the PR Liquidating Trust by its beneficiaries pursuant to section 4.6.3 of this Plan, and shall Distribute the net proceeds of such claims **ONLY** to those beneficiaries who have not exercised the Opt-Out Election.

- (ii) **Each Preferred Stock Interest holder who, by exercising the Opt-Out Election, refuses to assign to the PR Liquidating Trust such holder's personal claims held against third parties shall NOT share in the proceeds of claims assigned to the PR Liquidating Trust by other beneficiaries, and shall receive no Distributions on account of such third party claims assigned to the PR Liquidating Trust by other beneficiaries of the PR Liquidating Trust.**

4.7. Class 7: Other Equity Interests

4.7.1. Treatment. Holders of Other Equity Interests will receive no Distributions under the Plan. On the Effective Date, all Other Equity Interests shall be cancelled, extinguished, and otherwise rendered null, void and of no further force or effect, whatsoever, except for the sole purpose of effectuating the wind-up and termination of the Post-Confirmation Debtors pursuant to the provisions of section 6.3 of this Plan.

4.7.2. Impairment and Voting. Class 7 is Impaired under the Plan. Holders of Other Equity Interests shall not be entitled to vote to accept or reject the Plan.

**ARTICLE V.
ACCEPTANCE OR REJECTION OF THE PLAN;
EFFECT OF REJECTION BY ONE OR MORE CLASSES**

5.1. **Acceptance of Plan by Class of Claims**. A Class of Claims shall have accepted the Plan if the Plan is accepted by Creditors holding at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Claims within such Class for which votes are cast by the Voting Deadline. **Classes 1, 3, 4, 5, and 6 are Impaired for purposes of voting on the Plan and will be solicited to vote to accept or reject the Plan.**

5.2. **Deemed Acceptance of Plan**. Class 2 is not Impaired under the Plan. Therefore, such Class is deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and votes on the Plan by the holders of Claims in Class 2 will not be solicited.

5.3. **Deemed Rejection of Plan**. Class 7 is Impaired under the Plan and holders of Other Equity Interests are not entitled to receive a Distribution on account of their interests. Therefore, such Class is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and votes on the Plan by the holders of Other Equity Interests in Class 7 will not be solicited.

5.4. **Cramdown**. The Plan Proponents reserve the right to request that the Bankruptcy Court confirm the Plan pursuant to the provisions of section 1129(b) of the Bankruptcy Code.

5.5. **Controversy Concerning Impairment**. If a controversy exists as to whether any Claim or Class of Claims is Impaired or not Impaired under the Plan, the Bankruptcy Court will decide that controversy following motion by the contesting party.

**ARTICLE VI.
MEANS FOR IMPLEMENTATION OF PLAN**

6.1. **The Plan Agent.** The Chapter 11 Trustee shall serve as the Plan Agent under the Plan, and pending his transfer of all Trust Assets (including Reserved Matters) to the PR Liquidating Trust as provided herein, shall administer the Plan on behalf of the Post-Confirmation Debtors, take all actions hereunder in the name of the Post-Confirmation Debtors, and make the Distributions called for hereunder. The Plan Agent shall be responsible for administering all unclassified Claims, Claims in Classes 1 through 3 and 5 of the Plan and making the Sinclair Cash Payment, if not previously accomplished. Such responsibilities include, without limitation, reviewing, analyzing, prosecuting objections (if necessary), making Distributions on account of such Claims, and transferring remaining Trust Assets to the PR Liquidating Trust.

6.1.1. **Post-Effective Date Powers and Responsibilities of the Plan Agent**

- (a) In the performance of his duties hereunder, the Plan Agent shall have all rights, powers and duties incident to causing performance of the obligations under the Plan or otherwise as may be reasonably necessary or appropriate for such purposes, including, without limitation, those of a chapter 11 trustee under section 1106 of the Bankruptcy Code.
- (b) The Plan Agent shall administer the Plan on behalf of the Post-Confirmation Debtors and according to the Plan's provisions, and all actions taken thereunder in the name of the Post-Confirmation Debtors shall be taken by the Plan Agent. As of the Effective Date, the Plan Agent shall be deemed the sole officer and director of each Debtor for purposes of effectuating the terms of the Plan.
- (c) The Plan Agent shall have authority to convey, transfer, and assign any and all property of the Estates consistent with the terms of the Plan and to take all actions necessary to effectuate same. On the Effective Date, on behalf of the Post-Confirmation Debtors, the Plan Agent shall be authorized to take any action necessary to execute and deliver all Plan Documents, including, without limitation, any agreement entered into or instrument issued or in connection with any of the foregoing.
- (d) The Plan Agent shall pay in the ordinary course of business and according to terms all unpaid trade payables and current liabilities of the Debtors that (i) arose in the ordinary course of business on or after the Petition Date, including payroll and salaries that have accrued prior to the Effective Date, and (ii) otherwise qualify as Administrative Claims.
- (e) Pending his discharge, the Plan Agent shall also have standing to monitor and seek to enforce the performance of obligations under the Plan and the performance of other provisions of the Plan.

6.1.2. **Accounts.** The Plan Agent may establish one or more interest-bearing accounts as he determines may be necessary or appropriate to effectuate the provisions of the Plan. All Cash held by the Plan Agent in any accounts or otherwise shall be invested in accordance with section 345 of the Bankruptcy Code or as otherwise

permitted by a Final Order of the Bankruptcy Court, and such account shall be held for the benefit of holders of Allowed Claims in the Bankruptcy Cases.

6.1.3. Compensation of Plan Agent and Professionals. For services rendered by the Plan Agent in administering the Plan, the Plan Agent shall be compensated on an hourly basis, based upon the hourly rate which the Plan Agent customarily charges. The Plan Agent shall also be reimbursed for all reasonable out-of-pocket expenses incurred in the performance of his duties and obligations in administering the Plan. The Plan Agent shall also have the authority to employ such Persons and professionals as the Plan Agent deems necessary or appropriate to assist him in the administration of the Plan, and to compensate and reimburse such Persons and professionals for out-of-pocket expenses incurred by them on reasonable terms agreed to by the Plan Agent. Compensation and reimbursement of the Plan Agent and such Persons and professionals shall be made solely and exclusively from Assets of the Post-Confirmation Debtors, in the ordinary course of business, in accordance with the agreements related thereto, and without the need for any Order or approval of the Bankruptcy Court; *provided, however,* that, the Bankruptcy Court shall retain jurisdiction to rule on any disputes as to the reasonableness of the compensation of the Plan Agent and any Person or professional retained by the Plan Agent upon motion by a party in interest with standing to assert same pursuant to the terms of this Plan, including the Committees, if still in existence, and the Liquidating Trustee, as provided below.

- (a) From and after the Effective Date, not later than ten (10) days following the first date of each quarter of the calendar year, the Plan Agent shall provide reasonable accounting to the Committees, if still in existence, and/or the Liquidating Trustee, of all expenses of administration of the Plan incurred by the Plan Agent for his reimbursement, compensation, or for the services and expenses of his professionals and retained Persons, and of all material terms agreed by the Plan Agent for his compensation and reimbursement or the compensation and reimbursement of his professionals and retained Persons, if not previously disclosed. The Committees, if still in existence, and/or the Liquidating Trustee shall have standing to challenge the reasonableness of such terms, compensation and reimbursement before the Bankruptcy Court, subject to the provisions of this Plan and solely upon a motion or objection with respect to same. Any such motion or objection must be Filed not later than twenty (20) days following initial service by the Plan Agent of the accountings or disclosures to which such motion or objection pertains.

6.1.4. Limitation of Liability. No recourse shall ever be had, directly or indirectly, against the Plan Agent, in his individual capacity, or his agents, representatives, professionals, retained Persons or employees, by legal or equitable proceedings or otherwise, by virtue of any contract, agreement, promise, undertaking, covenant, instrument or other writing executed by the Plan Agent on behalf of any of the Post-Confirmation Debtors or any Estates for any authorized purpose in the administration of the Plan, it being expressly understood and agreed that all such liabilities shall be enforceable, to the extent valid, only against, and shall be satisfied only from, the Assets administered by the Plan Agent. Additionally, provided the Plan Agent acts in good faith, the Plan Agent shall not personally be liable for any action or omission in the administration of the Plan, and the Plan Agent and his agents, representatives, professionals, retained Persons and employees shall be indemnified by the Post-Confirmation Debtors against any and all claims, causes of action and liability, including

all expenses and defense costs, associated with, and shall be held harmless by the Post-Confirmation Debtors against each such action and omission, except to the extent that such action or omission constitutes gross negligence or willful misconduct on the part of such Person. As to all legal matters, the Plan Agent shall be entitled to rely upon the advice and opinions of his counsel.

6.1.5. Debtors' Post-Confirmation Records. The Plan Agent shall keep or cause to be kept books and records detailing all receipts, disbursements and reserves in his administration of the Plan, but shall be entitled to dispose of such books and records with the consent of the Liquidating Trustee. At such time as the Plan Agent transfers Trust Assets to the PR Liquidating Trust, the books and records maintained by the Plan Agent that correspond to the transferred Assets shall also be provided to the PR Liquidating Trust, unless the Liquidating Trustee informs the Plan Agent that he does not require such books and records. Books and records maintained by the Plan Agent shall be open to inspection at all reasonable times upon reasonable request of either of the Committees, if still in existence, or the Liquidating Trustee. To the extent that the Plan Agent has remaining administration and duties under the Plan subsequent to his transfer of any Trust Assets to the PR Liquidating Trust, such as for any Reserved Matters, the Plan Agent shall also transfer to the PR Liquidating Trust any remaining books and records relating to same when the administration of such matters has been completed, unless the Liquidating Trustee informs the Plan agent that he does not require such books and records.

6.1.6. Resignation, Replacement or Termination of Plan Agent. From and after the Confirmation Date, Chapter 11 Trustee or his successor shall continue to serve in his capacity as the officer and responsible person of each Debtor, and from and after the Effective Date, the Plan Agent shall serve in such capacities, through the earlier of (a) the date that all Trust Assets (including all Reserved Matters or the proceeds therefrom) are transferred to the PR Liquidating Trust in accordance with the Plan, and (b) the date the Plan Agent resigns or is replaced or terminated. The Plan Agent may be terminated only upon an Order of the Bankruptcy Court entered pursuant to a motion requesting, and hearing on, same, and shall be subject to termination only on the basis of clear and convincing evidence of the Plan Agent's action or omission constituting gross negligence or willful misconduct. If the Plan Agent resigns or is terminated, then the Committees shall jointly select the Plan Agent's successor, and if the Committees are no longer in existence, then the Trust Oversight Committee shall select the Plan Agent's successor. At such time as:

- (i) all Allowed Administrative Claims, Allowed Priority Tax Claims, and Allowed Claims in Classes 1 through 3 and 5 have been paid in full, and all Disputed Claims in such Classes have been resolved or the liability for such Disputed Claims has transferred to the PR Liquidating Trust;
- (ii) if Sinclair has elected, or deemed to have elected, Option A treatment of its Claims under section 4.4 of this Plan, the Sinclair Cash Payment has been made;
- (iii) the Plan Agent has paid all costs and expenses incurred by the Plan Agent in his administration of the Plan as of such date, including but not limited to, for his compensation and reimbursement and those of his professionals and retained persons; and

- (iv) all Trust Assets have been transferred to the Liquidating Trust, including any and all Reserved Matters (defined herein below) and the net proceeds thereof; then

the Plan Agent shall be fully discharged from his duties under this Plan.

6.2. **Creation, Funding, and Administration of PR Liquidating Trust.** With respect to all conveyances, assignments, transfers or vesting of property provided for in this section 6.2, the Liquidating Trustee may present such Orders to the Bankruptcy Court as may be necessary to require third parties to accept and acknowledge such conveyances, transfers or vesting in and to the PR Liquidating Trust. Such Orders may be presented without further notice other than as has been given in this Plan. The transfer, conveyance, assignment and vesting of Trust Assets in and to the PR Liquidating Trust shall be made pursuant to the terms of this Plan and to the fullest extent permitted by law, and shall be exempt from all stamp taxes and similar taxes within the meaning of section 1146(c) of the Bankruptcy Code.

6.2.1. **Establishment of the PR Liquidating Trust.** On the Effective Date, the Plan Agent and the Liquidating Trustee shall execute the Trust Documentation, thereby establishing the PR Liquidating Trust. The Liquidating Trust shall be designated a "Qualified Settlement Fund" pursuant to Section 468(b) of the Internal Revenue Code and related regulations. The Plan Agent, the Post-Confirmation Debtors, the Liquidating Trustee, and all Preferred Stock Interest holders, shall be deemed to have adopted and approved the Trust Documentation as of the Effective Date, whether or not any such Persons voted to accept the Plan. A true and correct copy of the Trust Agreement is attached to this Plan as **Exhibit "A,"** and is incorporated herein by reference for all purposes.

6.2.2. **Transfer and Vesting of Initial Trust Assets.** Subject to the availability of Assets sufficient to pay all Allowed Claims in senior Classes in full, effective upon the occurrence of the Effective Date or as soon thereafter as reasonably practicable, the Initial Trust Assets shall vest in the PR Liquidating Trust for all purposes. Specifically: (i) upon the Filing by the Chapter 11 Trustee of his notice of such transfer, without the need for any further action by any Person or the Bankruptcy Court, all Causes of Action held by any Estates against any Person, including, without limitation, any and all investor claims assigned to the PR Liquidating Trust pursuant to section 4.6.3 of this Plan, shall vest in the PR Liquidating Trust for all purposes; and (ii) as soon as reasonably practicable following the occurrence of the Effective Date, and subject to the availability of Assets sufficient to pay all Allowed Claims in senior Classes in full, the Plan Agent shall transfer \$5 million in Cash to the PR Liquidating Trust, in order to complete the transfer of the Initial Trust Assets.

6.2.3. **Additional Transfers of Trust Assets.** Following the Effective Date, as soon as reasonably practicable after:

- (i) all Allowed Administrative Claims, Allowed Priority Tax Claims, all Allowed Claims in Classes 1 through 3 and 5 have been paid in full, and all Disputed Claims in such Classes have been resolved or the liability for such Disputed Claims has transferred to the PR Liquidating Trust;

- (ii) if Sinclair has elected, or deemed to have elected, Option A treatment of its Claims under section 4.4 of this Plan, the Sinclair Cash Payment has been made; and
- (iii) the Plan Agent has paid all costs and expenses incurred by the Plan Agent in his administration of the Plan as of such date, including but not limited to, for his compensation and reimbursement and those of his professionals and retained persons; then

the Plan Agent shall transfer to the PR Liquidating Trust all of the remaining Trust Assets, comprised of all remaining Assets of the Estates and any net proceeds thereof. Except as expressly provided otherwise in this Plan, the PR Liquidating Trust shall receive transfer of, and hold, all such Assets free and clear of any Liens, Claims, encumbrances, or interests in such property of any other Person except as provided in the Plan.

As of the Effective Date, but subject to the transfer of the Initial Trust Assets, the PR Liquidating Trust shall be deemed to have taken an assignment, bill of sale, deed and/or release of the Sinclair Allocation Claims, and all claims and causes of action held individually by holders of Preferred Stock Interests voting in favor of the Plan against third parties and arising in connection with their dealings with the Debtors (unless such holders shall have exercised the Opt-Out Election). With respect to the transfer of any Trust Assets, the PR Liquidating Trust shall be deemed to have taken at such time: (a) an assignment, bill of sale, deed and/or release covering such Trust Assets; and (b) an assignment of all Causes of Action against third parties for obligations or claims existing on or created by virtue of the Effective Date, if not previously (i) transferred to the PR Liquidating Trust, (ii) resolved by the Plan Agent, or (iii) expressly released herein. At such time as the final Trust Assets are transferred to the PR Liquidating Trust, the PR Liquidating Trust shall also be deemed to have taken assignments of bank accounts containing Cash in the possession of the Post-Confirmation Debtors, the Plan Agent and the Estates.

6.2.4. Reserved Matters. Notwithstanding any other provision of this Plan, at any time following the transfer and vesting of the Initial Trust Funds in and to the PR Liquidating Trust, the Plan Agent and Liquidating Trustee, in their discretion, may determine: (i) that the Plan Agent may withhold from any subsequent transfer of Trust Assets certain pending Causes of Action, lawsuits or other proceedings; or (ii) the PR Liquidating Trust may assign back to the Plan Agent certain pending Causes of Action, lawsuits or other proceedings; in order to allow the Plan Agent to continue with their prosecution, in the interests of convenience, efficiency and maximizing recoveries ("Reserved Matters").

- (a) In the event of any Reserved Matters, the Plan Agent shall also reserve an amount of Cash from his transfers of Trust Assets to the PR Liquidating Trust, sufficient in the Plan Agent's reasonable discretion, to provide for the costs and expenses of the Plan Agent in continuing to administer same. To the extent that the amounts reserved by the Plan Agent prove insufficient to provide for all remaining costs of administration of the Reserved Matters, the Plan Agent shall thereafter submit any excess costs and expenses to the Liquidating Trustee for payment. The PR Liquidating Trust shall have the exclusive liability for the costs of administration of Reserved Matters.

- (b) The existence of any Reserved Matters, if any, shall not impact or vary in any respect the beneficiaries of recoveries on Reserved Matters under this Plan, and the Plan Agent shall reasonably cooperate with the Liquidating Trustee in the administration of Reserved Matters, including a subsequent transfer of a Reserved Matter to the PR Liquidating Trust as the Plan Agent and the Liquidating Trustee, in their discretion, may determine to be appropriate. At such time as any such Reserved Matter is resolved and liquidated, the proceeds thereof and any remaining funds reserved for the administration of such Reserved Matter shall be reasonably promptly transferred to the PR Liquidating Trust.

6.2.5. Satisfaction of Claims from PR Liquidating Trust.

- (a) On the Effective Date, all Preferred Stock Interests in the Debtors, the Sinclair Allocation, and all Distribution rights conferred by the Plan on account thereof, shall be transferred to the PR Liquidating Trust. Thereafter, the Debtors, the Post-Confirmation Debtors and their Estates shall have no liability for or on account of any such Preferred Stock Interests or the Sinclair Allocation, but rather the holders of such Preferred Stock Interests and the Sinclair Allocation shall be required to look to the PR Liquidating Trust pursuant to the terms of this Plan as the sole source of any Distributions or other recoveries from the Debtors, Post-Confirmation Debtors and their Estates for or on account of same.
- (b) All objections, counterclaims, rights of setoff, rights of recoupment, and any and all other defenses held by the Debtors or their Estates in relation to such Preferred Stock Interests, in relation to such Distribution rights, and in relation to the holders of such Preferred Stock Interests, shall be preserved, and, as soon as practicable following the Effective Date, and subject to the transfer of the Initial Trust Assets, transferred to the PR Liquidating Trust. From and after such transfer, the Liquidating Trustee shall have standing to assert, prosecute, and settle any and all of such objections, counterclaims, rights of setoff, rights of recoupment, and other defenses, subject only to any limitations set forth in this Plan or the Trust Documentation.
- (c) On and following the transfer of the Initial Trust Assets, neither the Post-Confirmation Debtors nor any of their Estates shall have any liability for any Disputed Claim underlying any Cause of Action vested in the PR Liquidating Trust, but solely to the extent that such Cause of Action is comprised of an objection to such Disputed Claim, which objection: (i) is pending as of the Effective Date; and (ii) includes as a basis any counterclaim by a Debtor or its Estate for affirmative relief. Rather, as provided in this Plan, all liability on account of such Disputed Claims shall also vest in the PR Liquidating Trust. Pursuant to such vesting, the Liquidating Trustee shall have standing to assert, prosecute and settle any and all of such objections, Claims, and counterclaims, subject only to any limitations set forth in this Plan or the Trust Documentation. Notwithstanding any other provision of this section 6.2.5, no holders of any such Disputed Claims vested in the PR Liquidating Trust shall be deemed to be beneficiaries of the PR Liquidating Trust by virtue of such Claims. Rather, the liability for such Disputed Claims, once allowed, shall be deemed to be a cost of administration of the PR Liquidating Trust and shall be paid by the Liquidating Trustee within fifteen (15) days of becoming an Allowed Claim.

- (d) In the event that the liability for any Disputed Claim is transferred to the PR Liquidating Trust, the Liquidating Trustee shall ensure that an appropriate reserve is maintained in the PR Liquidating Trust, pending the resolution of the Disputed Claim. Such reserve, unless another amount is ordered by the Bankruptcy Court, shall be no less than the amount that such Disputed Claim would have received from any Distributions made pursuant to this Plan were the Disputed Claim subsequently Allowed rather than Disputed. In the event that the PR Liquidating Trust has insufficient Net Available Funds to maintain such reserve, then subject to Net Available Funds, the Plan Agent shall deposit and transfer additional Cash to the PR Liquidating Trust in order to fund the shortfall for any required reserve amount.

6.2.6. Selection of the Liquidating Trustee. The Liquidating Trustee (including any successor trustee) must be a Person who satisfies the requirements and qualifications set forth for same in the Trust Agreement. On the Effective Date, and pursuant to the Confirmation Order, Milo Segner, Jr., shall be appointed as the Liquidating Trustee of the PR Liquidating Trust.

6.2.7. Compensation of Liquidating Trustee and Professionals. Subject to the provisions of the Trust Documentation, all costs, fees, expenses, other compensation and obligations incurred by the Liquidating Trustee in administering this Plan, the PR Liquidating Trust, or in any manner connected, incidental or related thereto, including effecting distributions from the PR Liquidating Trust hereunder (including compensation to the Liquidating Trustee, his retained professionals and employed Persons, and the reimbursement of their reasonable expenses), shall be a charge against the Trust Assets. The Liquidating Trustee may retain any Person or professional retained by either the Chapter 11 Trustee or the Plan Agent, as well as the Plan Agent himself, as necessary to assist him in the performance of his duties. Compensation and reimbursement of the Liquidating Trustee and of such Persons and professionals shall be made solely and exclusively from the PR Liquidating Trust.

6.2.8. PR Liquidating Trust Records and Accountings. Subject to the provisions of the Trust Documentation, the Liquidating Trustee shall keep or cause to be kept books and records detailing all receipts, disbursements and reserves in the administration of the PR Liquidating Trust.

6.2.9. Trust Oversight Committee. On the Effective Date, a Trust Oversight Committee shall be established to serve as an advisory committee to the Liquidating Trustee and shall provide input to the Liquidating Trustee on matters affecting administration of the PR Liquidating Trust. The Investors Committee shall select the members of the Trust Oversight Committee, and the initial members of the Trust Oversight Committee are identified on **Exhibit "G"** attached to the Disclosure Statement. On the Effective Date, and pursuant to the Confirmation Order, such Persons will be appointed as the initial members of the Trust Oversight Committee. The Trust Agreement and Trust Documentation shall further specify provisions for the governance of the Trust Oversight Committee as well as the qualifications required for service as a member (including a successor) of the Trust Oversight Committee.

6.3. **General Company Matters**

The Plan Agent and/or the Liquidating Trustee, as applicable, shall take such action as is necessary under the laws of the State of Texas, federal law, and other applicable law to effect the terms and provisions of the Plan and the Plan Documents, shall ensure each of the Post-Confirmation Debtors is and remains in compliance with applicable federal, state and local laws, and otherwise cause each of the Post-Confirmation Debtors to comply with its obligations and duties under the Plan. The Plan Agent and/or Liquidating Trustee, as applicable, shall conduct no business of the Post-Confirmation Debtors apart from the administration of this Plan and the PR Liquidating Trust, as applicable.

6.3.1. **Wind-Up and Termination of Post-Confirmation Debtors.** On the Effective Date, all Other Equity Interests shall be cancelled, extinguished and otherwise rendered null, void and of no further force or effect, whatsoever, and the PR Liquidating Trust shall be deemed to be the sole owner of 100% of the stock, member or other equity interests in each of the Post-Confirmation Debtors. On the Effective Date, (a) all remaining officers and directors of the Debtors shall be deemed terminated; and (b) the Plan Agent shall be deemed appointed as the President and sole member of the board of directors of each of the Post-Confirmation Debtors until such time as he is discharged from his duties as Plan Agent, at which time such board and officer positions shall transfer to the PR Liquidating Trust. Following the Effective Date, the Post-Confirmation Debtors shall conduct no business other than the implementation of this Plan. Once the Liquidating Trustee, in his discretion, or the Plan Agent in the event that there will be no Trust Assets available for transfer to the Liquidating Trust, determines it to be practical without adversely impacting the administration of the PR Liquidating Trust or the value of its Assets, the Liquidating Trustee or Plan Agent, as the case may be, shall wind up all remaining affairs of the Post-Confirmation Debtors and thereafter formally terminate their existences. The Liquidating Trustee or Plan Agent, as the case may be, shall be authorized and entitled to execute any and all shareholder consents and/or resolutions deemed necessary by the Liquidating Trustee to cause such formal termination. On the Effective Date, the Debtors' articles, bylaws, operating agreements and other governing, formation and organizational documents, shall be deemed modified and amended to the extent necessary to effectuate this provision of the Plan, and the Liquidating Trustee or Plan Agent, as the case may be, shall, pursuant to this Plan, be authorized and entitled to accomplish such modifications and amendments as he may deem appropriate. All reasonable expenses incurred by the Post-Confirmation Debtors in winding up and terminating their existences shall be paid by the PR Liquidating Trust in the event that the Initial Trust Assets are transferred, and otherwise by the Estates, and shall be deemed to constitute expenses of administering this Plan and the PR Liquidating Trust.

6.4. **Cancellation of Notes and Instruments; Release of Liens**

On the Effective Date, all promissory notes, stock certificates, or other instruments evidencing a Claim or Other Equity Interest shall be cancelled and the holders thereof shall have no rights by reason thereof, and such instruments shall evidence no rights, except the right to receive the distributions, if any, to be made to holders of such instruments under the Plan. Notwithstanding the foregoing, section 6.4 of this Plan shall in no way work to cancel any promissory note, stock certificate, or other instrument evidencing a Preferred Stock Interest.

6.4.1. **Surrender of Existing Securities.** As a condition to receiving any Distribution under the Plan, each holder of a promissory note, stock certificate, or other

instrument evidencing a Claim or Other Equity Interest must surrender such promissory note, stock certificate, or other instrument to the Plan Agent or the Liquidating Trustee, as applicable, upon request.

6.4.2. Except as otherwise provided in the Plan, any Plan Document or the Confirmation Order, each holder of a Secured Claim or a judgment shall, on the Effective Date, (a) turn over and release to the Plan Agent any and all Collateral that secures or purportedly secures such Claim, as such documents pertain to the properties currently owned or leased by the Post-Confirmation Debtors or such Lien shall automatically, and without the need for any further action by any Debtor be deemed released, and (b) execute such documents and instruments as the Plan Agent may request to evidence such Creditor's release of such property or Lien. Any such holder that fails to execute and deliver such release of Liens within thirty (30) days of the Effective Date shall be deemed to have no further Claim against the Post-Confirmation Debtors or their assets or property in respect of such Claim and shall not participate in any Distribution hereunder. Notwithstanding the immediately preceding sentence, any holder of a Disputed Claim shall not be required to execute and deliver such release until such time as the holder's Claim is Allowed or Disallowed.

6.5. **Preservation of Causes of Action.** Except as otherwise ordered by the Bankruptcy Court and subject to any releases in the Plan, (a) all Causes of Action, including, without limitation, all of the Causes of Action arising under chapter 5 of the Bankruptcy Code in favor of any Debtor's Estate, or referenced in the Disclosure Statement (including, without limitation, Articles III.B, V, VI, VII, IX.E or X of the Disclosure Statement, or Exhibits C, E or F thereto), shall be preserved for assertion by the Estates in the event that the Initial Trust Assets are not transferred, and otherwise by the Liquidating Trustee on behalf of the PR Liquidating Trust beneficiaries, and shall vest in the PR Liquidating Trust as part of the Initial Trust Assets.

6.5.1. Subject to the vesting of such Causes of Action in the PR Liquidating Trust, the Liquidating Trustee shall have authority and standing to prosecute, enforce, pursue, sue on, settle or compromise (or decline to do any of the foregoing) Causes of Action and shall be deemed appointed as the representative of the Post-Confirmation Debtors and their Estates in accordance with section 1123(b)(3) of the Bankruptcy Code for the purposes of same.

6.5.2. With respect to any Reserved Matters, the Plan Agent shall have authority and standing to prosecute, enforce, pursue, sue on, settle or compromise (or decline to do any of the foregoing) such Causes of Action, and shall be deemed appointed as the representative of the Post-Confirmation Debtors and their Estates in accordance with section 1123(b)(3) of the Bankruptcy Code for the purposes of same, until such time, if any, as such Reserved Matter, or the net proceeds thereof, are transferred by the Plan Agent to the PR Liquidating Trust.

6.5.3. Nothing in this section 6.5 adversely impacts any duties of cooperation between the Liquidating Trustee and Plan Agent provided for in this Plan, nor the rights of the Plan Agent and the Liquidating Trustee to agree in their discretion to Reserved Matters.

6.6. **Exemption from Transfer Taxes.** In accordance with section 1146(a) of the Bankruptcy Code, the making and/or delivery of any instrument of transfer under, or pursuant to the terms of, this Plan shall not be taxed under any law imposing a stamp tax or similar tax.

**ARTICLE VII.
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

7.1. **Rejection of Executory Contracts and Unexpired Leases.** All contracts and leases constituting executory contracts or unexpired leases under the provisions of section 365 of the Bankruptcy Code as of the Effective Date which (a) have not been assumed or rejected by the Effective Date, or (b) have not been made the subject of a motion to assume which is pending as of the first date set for the hearing on confirmation of the Plan, shall be deemed rejected as of the Petition Date in accordance with the provisions of section 365 of the Bankruptcy Code.

7.2. **Rejection Damage Claims.** Any Claim arising from the rejection of an executory contract or unexpired lease under the terms of section 7.1 of this Plan must be evidenced by a motion proving same ("Rejection Damages Motion"), which Rejection Damages Motion must be Filed with the Bankruptcy Court and served on the Plan Agent **by not later than twenty-one (21) days following the Effective Date of the Plan.** Any holder of such a Claim for rejection damages that fails to File and serve a Rejection Damages Motion on or before said deadline shall be deemed to have waived such Claim in full, and such Claim shall be deemed Disallowed and discharged.

**ARTICLE VIII.
DISTRIBUTIONS UNDER THE PLAN**

8.1. **General Rules for Distributions.** **IN SETTLEMENT AND COMPROMISE OF CERTAIN EXISTING AND POTENTIAL DISPUTES REGARDING INTERCOMPANY CLAIMS AND RELATED MATTERS, PURSUANT TO SECTIONS 1123(B)(3) AND (6) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019, THE PLAN TREATS THE DEBTORS AS COMPRISING A SINGLE ESTATE SOLELY FOR THE PURPOSE OF MAKING DISTRIBUTIONS IN RESPECT OF CLAIMS AGAINST, AND PREFERRED STOCK INTERESTS AND OTHER EQUITY INTERESTS IN, THE DEBTORS UNDER THE PLAN. THIS SETTLEMENT AND COMPROMISE SHALL NEITHER AFFECT ANY DEBTOR'S STATUS AS A SEPARATE LEGAL ENTITY, CHANGE THE ORGANIZATIONAL STRUCTURE OF THE DEBTORS' BUSINESS ENTERPRISE, CONSTITUTE A CHANGE OF CONTROL OF ANY DEBTOR FOR ANY PURPOSE, CAUSE A MERGER OR CONSOLIDATION OF ANY LEGAL PERSONS OR ENTITIES, NOR CAUSE THE TRANSFER OF ANY ASSETS. EXCEPT AS OTHERWISE PROVIDED BY OR PERMITTED IN THE PLAN, EACH DEBTOR SHALL CONTINUE TO EXIST AS A SEPARATE LEGAL ENTITY. THIS SETTLEMENT AND COMPROMISE (AND THE TREATMENT DERIVED THEREFROM) SERVES ONLY AS A MECHANISM TO EFFECT A FAIR DISTRIBUTION OF VALUE TO THE RESPECTIVE DEBTORS' CONSTITUENCIES. ACCORDINGLY, IN MAKING ANY OBJECTIONS TO CLAIMS AND IN MAKING DISTRIBUTIONS PROVIDED FOR BY, OR PURSUANT TO, THE PROVISIONS OF THIS PLAN, REGARDLESS OF WHETHER BY THE PLAN AGENT OR LIQUIDATING TRUSTEE, THE FOLLOWING RULES OF DISTRIBUTION SHALL APPLY:**

- (a) the proceeds of all of the Debtors' Assets will be shared solely for the purpose of making Distributions in respect of Claims against, and Preferred Stock Interests in, the Debtors under the Plan;

- (b) each Claim against, or Preferred Stock Interest in, any of the Debtors will be deemed to be a Claim against, or Preferred Stock Interest in, all of the Debtors without distinction among the Debtor entities;
- (c) any proof of Claim, proof of Preferred Stock Interest, or proof of Other Equity Interest Filed against one or more of the Debtors will be deemed to have been a single proof of Claim, proof of Preferred Stock Interest, or proof of Other Equity Interest Filed against all of the Debtors without distinction;
- (d) all intercompany claims by and among the Debtors will be eliminated solely for purposes of determining Distributions among the Creditors and Preferred Stock Interest holders of the Debtors; and
- (e) all guarantees by one of the Debtors in favor of any of the other Debtors will be eliminated, and all guarantees executed by any of the Debtors in favor of a Creditor will be deemed to be a single obligation.

8.2. **Distributions Made to Holders as of Distribution Record Date.** The Plan Agent shall make Distributions to the holders of Allowed unclassified Claims and Claims in Classes 1 through 3 and 5, on the terms set forth herein. Subject to the availability of Assets, the Liquidating Trustee shall make Distributions on account of Allowed Preferred Stock Interests as determined as of the Distribution Record Date. The Bankruptcy Court shall make such determination irrespective of the cancellation, extinguishment or transfer to the PR Liquidating Trust of Preferred Stock Interests in and to the Debtors pursuant to the provisions of this Plan. Any holder of an Allowed Claim or Preferred Stock Interest may receive, instead of the Distribution or treatment to which it is entitled under the Plan, any other Distribution or treatment that it and the Plan Agent, or Liquidating Trustee, as applicable, may agree in writing, so long as such alternative treatment is substantially the same or less favorable to that holder than the treatment otherwise prescribed herein.

8.3. **Interim and Final Distributions of Net Available Funds.** In the event that the Plan Agent does not have sufficient Net Available Funds to make the Distributions called for or permitted by the Plan Agent under this Plan in full, the Plan Agent shall, from time to time, make interim Distributions consistent with the provisions of this Plan. In determining Net Available Funds, the Plan Agent shall consider any reserves which are appropriate in connection with such Distributions on account of Disputed Claims. In accordance with the Trust Agreement and Trust Documentation, the Liquidating Trustee shall from time to time, make interim Distributions to the holders of Allowed Class 6 Preferred Stock Interests from Net Available Funds held by the PR Liquidating Trust, as determined by the Liquidating Trustee in his reasonable discretion. In determining Net Available Funds, the Liquidating Trustee shall consider any reserves required to be maintained by the Liquidating Trustee in connection with such Distributions on account of Disputed Claims or Preferred Stock Interests. The Liquidating Trustee shall make Distributions on the Sinclair Allocation as soon as practicable after receipt of net proceeds allocable to the Sinclair Allocation.

8.4. **Form of Distributions.** Any Cash payment to be made pursuant to the Plan may be made by check or wire transfer, at the option of the Plan Agent and/or Liquidating Trustee (as applicable), in its sole discretion.

8.5. **Conditions to Distributions; Warranty of Entitlement.** Each and every Creditor and Preferred Stock Interest holder who receives and accepts a Distribution under the

Plan on account of an Allowed Claim or Preferred Stock Interest is deemed to have warranted to the Plan Agent and the Liquidating Trustee, as applicable, that such Creditor / Preferred Stock Interest holder is the lawful holder of the Allowed Claim or Preferred Stock Interest, as applicable, is authorized to receive the Distribution, and that there are no outstanding commitments, agreements or understandings, express or implied, that may or can, in any way, defeat or modify the right of the Creditor or Preferred Stock Interest holder to receive the Distribution.

8.6. **Withholding Taxes.** In connection with this Plan, to the extent applicable, the Plan Agent and the Liquidating Trustee shall comply with all tax withholding and reporting requirements validly imposed on them by any governmental authority, and all Distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in this Plan to the contrary, the Plan Agent and the Liquidating Trustee shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, payment of applicable withholding taxes from a Claimant or Preferred Stock Interest holder's Distribution, and conditioning a Person's Distributions upon receipt of necessary tax reporting information from a Claimant or Preferred Stock Interest holder.

8.7. **Setoffs.** Except as otherwise expressly provided in the Plan and pursuant to sections 502(d) or 553 of the Bankruptcy Code or any applicable non-bankruptcy law, the Plan Agent or the Liquidating Trustee, as applicable, may upon application and approval by the Bankruptcy Court, setoff against any Distribution to be made pursuant to the Plan on account of an Allowed Claim or Preferred Stock Interest any claims, rights or Causes of Action held by the Plan Agent, the Liquidating Trustee or the PR Liquidating Trust against the holder of the Allowed Claim or Preferred Stock Interest, or in relation to the Allowed Claim or Preferred Stock Interest; *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim or Preferred Stock Interest shall constitute a waiver or release by the Plan Agent or the Liquidating Trustee of any such claims, rights or Causes of Action. If the Plan Agent or the Liquidating Trustee (as applicable) fails to setoff against a Claim or Preferred Stock Interest and seeks to collect from the holder of such Claim or Preferred Stock Interest after Distribution to that holder pursuant to the Plan, the Plan Agent or the Liquidating Trustee (as applicable) shall be entitled to full recovery on the claims of the Debtors, the Post-Confirmation Debtors or their Estates, if any, against the holder of such Claim or Preferred Stock Interest.

8.8. **Rounding.** Where the calculation of a distribution results in a fraction of a cent owing, the calculation shall be rounded down to the nearest whole cent for purposes of paying (or reserving) the distribution.

8.9. **De Minimis Distributions.** Notwithstanding any provision of the Plan to the contrary, no Distribution of less than fifty dollars (\$50.00) shall be made on an Allowed Claim or an Allowed Preferred Stock Interest from the Estates or PR Liquidating Trust, unless such Distribution shall be a final Distribution.

8.10. **Undeliverable and Unclaimed Distributions**

8.10.1. Any Person that is entitled to receive a Cash Distribution under the Plan but fails to cash a check within ninety (90) days of its issuance shall be entitled to receive a reissued check from the Plan Agent or the Liquidating Trustee (as applicable) for the amount of the original check, without any interest, if such Person requests the Plan Agent or the Liquidating Trustee (as applicable) to reissue such check and provides

such documentation as may be requested to verify that such Person is entitled to such check prior to the later of: (i) the first anniversary of the Effective Date; or (ii) six (6) months after such Person's Claim becomes an Allowed Claim. After the expiration of the applicable deadline to request a check to be reissued, the Person who fails to cash a check within ninety (90) days of its issuance shall not be entitled to receive any Distribution under the Plan on account of the Claim that was attempted to be paid.

8.10.2. If the Distribution to any holder of an Allowed Claim or Preferred Stock Interest is returned to the Plan Agent or the Liquidating Trustee (as applicable) as undeliverable, no further Distributions will be made to such holder unless and until the Plan Agent or the Liquidating Trustee (as applicable) is notified in writing of such holder's current address; *provided, however*, a claim for an undeliverable Distribution must be made within one hundred eighty (180) days following the date of issuance of the original Distribution. After such date, all unclaimed property shall revert to the Estates and/or PR Liquidating Trust (as applicable) for further disbursement in accordance with the Plan, and the Claim / Preferred Stock Interest of any holder or successor to such holder with respect to such property shall be discharged, disallowed, and forever barred notwithstanding any federal or state escheatment laws to the contrary.

8.10.3. Neither the Plan Agent nor the Liquidating Trustee has any obligation to independently undertake any investigation to determine the whereabouts of any holder of an Allowed Claim or Preferred Stock Interest.

8.11. **Disputed Distributions.** No Distribution will be made on account of a Disputed Claim or Preferred Stock Interest unless and until it becomes Allowed. Upon a request for estimation by the Plan Agent, the Bankruptcy Court will determine what amount of Cash from the initial and subsequent Distributions is sufficient to reserve on account of any Disputed Claim not otherwise treated in the Plan pursuant to section 502 of the Bankruptcy Code or applicable law; in which case, the amount so determined by the Bankruptcy Court shall be deemed the Allowed amount of such Disputed Claims for purposes of the Plan or, in lieu thereof, the Bankruptcy Court will determine the maximum amount to which such Claim may be ultimately Allowed. Upon motion by a party in interest, the Bankruptcy Court may determine the appropriate amount of any reserves required in connection with a Disputed Claim or Preferred Stock Interest. In the event that a dispute arises as to the rightful owner of an Allowed Claim or Preferred Stock Interest, or a Distribution thereon, the Plan Agent / Liquidating Trustee, as applicable, may either (a) deposit the Distribution, if Cash, into a segregated account until a determination is made as to the rightful owner of the Distribution by the Bankruptcy Court or by written agreement between each of the Persons making claim to the Distribution, or (b) interplead the Distribution into the registry of the Bankruptcy Court or such other court having jurisdiction over the Disputed Distribution and the Persons making claim to such Distribution, reserving the right to assert any and all claims that the Plan Agent / Liquidating Trustee may have in relation to such interpleader action; *provided, however*, that once segregated or interplead, interest shall cease to accrue on an Allowed Claim.

8.12. **Litigation and Administration Reserve.** In determining the amount of Net Available Funds which are available for Distribution to the holders of Allowed Preferred Stock Interests at any particular time, the Liquidating Trustee shall reserve a sufficient amount of funds, determined by the Liquidating Trustee in his sole discretion, to enable the Liquidating Trustee to fund the litigation of any Causes of Action and any objections to Preferred Stock Interests that the Liquidating Trustee is pursuing, or may pursue, and to fund the costs of

administering the PR Liquidating Trust until it is terminated, said reserve being the Litigation and Administration Reserve.

**ARTICLE IX.
PROCEDURES FOR RESOLVING DISPUTED CLAIMS**

9.1. **Objections to Claims.** An objection to the allowance of Claims in Classes 1-3 or 5 shall be in writing and may be Filed only by the Plan Agent, on behalf of the Post-Confirmation Debtors and their Estates, at any time on or before the Claims Objection Deadline (ninety (90) days after the Effective Date, unless extended by the Bankruptcy Court, for cause shown). All objections to Claims arising by virtue of the rejection of executory contracts or unexpired leases, shall be in writing and must be Filed on or before the Claims Objection Deadline. Any Disputed Claim as to which an objection is not Filed on or before the Claims Objection Deadline shall be deemed to constitute an Allowed Claim under the Plan following the Claims Objection Deadline.

9.1.1. Notwithstanding the foregoing, any party in interest that otherwise would have standing to object to a Claim absent the provisions of this Plan, may, on or before the Claims Objection Deadline, File a motion with the Bankruptcy Court requesting standing to so object on the basis that an advance, written demand has been made by the movant upon the Plan Agent to object to the Claim and the Plan Agent has unjustifiably refused or failed to respond. Any such motion Filed by the Claims Objection Deadline shall, if granted, toll the Claims Objection Deadline solely with respect to the Claim which is the subject of the Motion, until and including the date which is ten (10) business days following the date of entry of the Bankruptcy Court's granting Order.

9.1.2. An objection to the allowance of any Preferred Stock Interest shall be in writing and may be Filed only by the Liquidating Trustee, on behalf of the PR Liquidating Trust, within ninety (90) days of the Effective Date. On behalf of the PR Liquidating Trust, the Liquidating Trustee will prosecute any such objection until determined by a Final Order unless the Liquidating Trustee (a) compromises and settles such objection to an Preferred Stock Interest by written stipulation subject to Bankruptcy Court approval, if necessary, or (b) withdraws such objection.

9.2. **Post-Confirmation Proofs of Claim and Amendments.** Except as otherwise expressly contemplated by the Plan, following the later of the Effective Date or the applicable Bar Date, no original or amended proof of Claim may be Filed in the Bankruptcy Cases to assert a Claim against any Debtor or Estate without prior authorization of the Bankruptcy Court, and any such proof of Claim which is Filed without such authorization shall be deemed null, void and of no force or effect; *provided, however*, that the holder of a Claim that has been evidenced in the Bankruptcy Cases by the Filing of a proof of Claim on or before the Bar Date shall be permitted to File an amended proof of Claim in relation to such Claim at any time if the sole purpose of the amendment is to reduce the amount of the Claim asserted.

9.3. **Settlement of Disputed Claims**

9.3.1. At any time after the Confirmation Date and before the Effective Date, notwithstanding anything in this Plan to the contrary, the Plan Agent may settle some or all of the Causes of Action or the Disputed Claims subject to obtaining any necessary Bankruptcy Court approval.

9.3.2. Following the Effective Date, and without the necessity of notice and Bankruptcy Court approval, the Plan Agent and the Liquidating Trustee shall each have the authority to resolve any Disputed Claim which is the subject of a timely-Filed objection asserted by them at the time of such resolution, if the resolution will result in the Claim being Allowed in an amount of not greater than \$20,000.00 more than the liquidated, non-disputed and non-contingent amount of the Claim as listed in the Debtors' Schedules. Any resolution of a Disputed Claim under the above-parameters shall be evidenced by a notice Filed with the Bankruptcy Court. All other settlements involving Disputed Claims to which timely-Filed objections have been lodged shall be subject to notice and Bankruptcy Court approval, unless ordered otherwise by the Bankruptcy Court upon separate motion and notice in the Bankruptcy Cases.

**ARTICLE X.
CONDITIONS PRECEDENT TO CONFIRMATION
AND EFFECTIVENESS OF PLAN**

10.1. **Conditions to Confirmation.** The Bankruptcy Court shall have entered the Confirmation Order in a form and substance satisfactory to the Plan Proponents and shall include, among other things, findings of fact and/or conclusions of law that: (a) enjoin and restrain all Creditors, Preferred Stock Interest holders, and Other Equity Interest holders of and in the Debtors from asserting any Lien, Claim, interest, or encumbrance against the Post-Confirmation Debtors, or any Asset of the Estates, unless such Lien, Claim, interest or encumbrance is expressly reserved hereunder; (b) reserve jurisdiction of the Bankruptcy Court to implement and enforce the Plan; (c) to the extent not previously approved, approve of the Sinclair Settlement as fair and equitable and in the best interests of the Debtors' Estates, and authorize the Plan Agent to enter into and perform the Sinclair Settlement; and (d) provide, pursuant to section 1125(e) of the Bankruptcy Code, that Persons who have solicited acceptances or rejections of the Plan have acted in good faith and in compliance with the provisions of the Bankruptcy Code, and are not liable on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan.

10.2. **Conditions to Effective Date.** The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived by the Plan Proponents in accordance with the terms hereof:

- (a) The Confirmation Order shall have become a Final Order;
- (b) Execution of definitive documentation required to consummate the transactions contemplated in the Plan and satisfaction of the conditions precedent, if any, set forth therein in accordance with the terms thereof; and
- (c) All other actions, documents, and agreements necessary to implement the Plan shall have been effected or executed;

provided, however, that if the Effective Date has not occurred on or before the date that is thirty (30) days following the first date on which the Confirmation Order becomes a Final Order, then this Plan shall be deemed to be revoked and its terms null and void unless, pursuant to the unanimous consent of the Plan Proponents, the Bankruptcy Court Orders otherwise.

10.3. **Notice of the Effective Date.** On or before ten (10) Business Days after occurrence of the Effective Date, the Plan Agent shall mail or cause to be mailed to all holders of Claims, Preferred Stock Interests, and Other Equity Interests a notice that informs such holders of the following: (a) entry of the Confirmation Order; (b) occurrence of the Effective Date; (c) the deadline to File applications for Administrative Claims pursuant to section 3.1.1 herein; (d) the deadline for Filing Professional Fee Claims pursuant to section 330 of the Bankruptcy Code and section 3.1.2 herein; and (e) such other matters that the Plan Agent deems appropriate.

**ARTICLE XI.
EFFECTS OF CONFIRMATION OF PLAN;
INJUNCTION AND EXCULPATION**

11.1. **Binding Effect of Plan.** Upon the Effective Date, the Plan and each of its provisions shall be binding on the Plan Proponents, the Chapter 11 Trustee, the Plan Agent, the Post-Confirmation Debtors, the PR Liquidating Trust, the Liquidating Trustee, all Creditors, all Preferred Stock Interest holders, all Other Equity Interest holders, and all Persons acquiring property under the Plan, whether or not they voted to accept the Plan, whether or not they had a right to vote on the Plan, whether or not any Claim, Preferred Stock Interest, or Other Equity Interest held by any of them is Impaired under the Plan, whether or not any Claim, Preferred Stock Interest, or Other Equity Interest held by any of them is Allowed in full, only in part, or Disallowed in full, and whether or not a Distribution is made to any of them under the Plan.

11.2. **Vesting of Assets.** Upon the Effective Date, all of the Assets of the Estates, shall re-vest in the Post-Confirmation Debtors free and clear of all Claims, Liens and encumbrances, of any nature whatsoever; and, subject to the Plan Agent Filing his notice of transfer of Causes of Action to the PR Liquidating Trust, all of the Initial Trust Assets shall vest in the PR Liquidating Trust free and clear of all Claims, Liens and encumbrances, of any nature whatsoever.

11.3. **Injunction Against Interference with Plan.** Upon the Effective Date, all holders of Claims, all holders of Preferred Stock Interests, all holders of Other Equity Interests, and all other parties in interest in the Bankruptcy Cases, along with their respective current and former officers, directors, principals, employees and agents, shall be and are hereby enjoined from taking any action to interfere with the implementation or consummation of the Plan.

11.4. **Exculpation.** Neither the Debtors, the Post-Confirmation Debtors, the Chapter 11 Trustee, the Plan Agent, the Committees, the individual members of the Committees, nor any of their respective present officers, employees, agents, representatives, advisors, affiliates, underwriters or investment bankers, nor any other professional persons employed by any of them (collectively, the "Exculpated Parties"), shall have or incur any liability to any Person for any act taken or omission in connection with or related to formulating, negotiating, implementing, confirming or consummating the Plan, the Disclosure Statement, Trust Documentation or any other Plan Document, except for willful misconduct. The Exculpated Persons shall have no liability, except for willful misconduct, to the Debtors, the Post-Confirmation Debtors, any Creditor, and Preferred Stock Interest holder, any Other Equity Interest holder, any other party in interest in the Bankruptcy Cases, or any other Person for actions taken or not taken under the Plan, in connection herewith or with respect thereto, or arising out of their administration of the Plan or the property to be distributed under the Plan including, without limitation, failure to obtain Confirmation or to satisfy any condition or conditions, or refusal to waive any condition or conditions, to the occurrence of the Effective

Date, and in all respects such Exculpated Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.1. **Implementation.** The Plan Proponents, the Post-Confirmation Debtors, the Chapter 11 Trustee, the Plan Agent, and the Liquidating Trustee shall be, and are hereby, authorized to take any and all necessary steps, and to perform any and all necessary acts, to consummate the Plan in accordance with its terms and conditions. The parties shall use reasonable efforts and shall reasonably cooperate with one another to effect the transactions contemplated by the Plan.

12.2. **Modification of Plan.** The Plan Proponents reserve the right, in accordance with the Bankruptcy Code, to amend or modify the Plan prior to the Confirmation Date. After the Confirmation Date, the Plan Proponents may, upon Order of the Bankruptcy Court, amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purposes and intent of the Plan.

12.3. **Governing Law.** Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the State of Texas.

12.4. **Headings.** Each heading preceding an article, section or paragraph of the Plan is inserted for convenience only and shall not affect interpretation or construction of the Plan.

12.5. **Severability.** Should any term or provision of the Plan be determined by the Bankruptcy Court to be invalid, void or unenforceable, such determination shall in no way limit or affect the enforceability or operative effect of any other provision of the Plan. If any term or provision of the Plan is of such a character as to deny Confirmation, the Plan Proponents reserve the right to strike such provisions from the Plan and seek Confirmation of the Plan as modified. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.6. **All Claims, Preferred Stock Interest, and Other Equity Interests.** The Plan is intended to deal with all Claims against and Preferred Stock Interests and Other Equity Interests in the Debtors of whatever character whether or not Disputed, contingent, or liquidated and whether or not Allowed by the Bankruptcy Court under section 502 of the Bankruptcy Code. However, only those Claims, Preferred Stock Interests, and Other Equity Interests Allowed under section 502 of the Bankruptcy Code shall be entitled to receive the treatment afforded by the Plan.

12.7. **No Admissions.** The Plan constitutes a compromise of disputed claims and defenses where applicable. Accordingly, none of the provisions set forth in the Plan shall be deemed or construed as an admission of any liability or of the viability of any defense to liability

on the part of the Chapter 11 Trustee, the Debtors, the Post-Confirmation Debtors, the Estates, the Committees or any other Person.

12.8. **Entire Agreement.** The Plan supersedes all previous and contemporaneous agreements, promises, covenants, negotiations, understandings and representations as to all matters set forth in the Plan, all of which have become merged and integrated into the Plan.

12.9. **Successors and Assigns.** All of the rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person.

12.10. **Computation of Time.** In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006 shall apply unless otherwise set forth in the Plan or determined by the Bankruptcy Court.

12.11. **Dissolution of Committees.** Unless otherwise ordered by the Bankruptcy Court, following the Effective Date, the Committees shall be deemed dissolved once all applications for the allowance of Administrative Claims Filed by Professionals retained by the Debtor, the Chapter 11 Trustee and the Committees have been determined by Final Order. Upon dissolution of the Committees, the Committees, members of the Committees, and the Committees' Professionals shall be released and discharged from any further duty or obligation arising under, arising in, or related to the Bankruptcy Cases.

12.12. **Closing of Bankruptcy Cases and Termination of the PR Liquidating Trust**

12.12.1. The duties, responsibilities and powers of the Liquidating Trustee shall terminate after all Trust Assets, including Reserved Matters and Causes of Action, are fully resolved, abandoned or liquidated and the proceeds thereof distributed in accordance with this Plan and the Trust Documentation. The PR Liquidating Trust shall terminate not later than five (5) years from the Effective Date. However, if the Liquidating Trustee deems it warranted by the facts and circumstances, and subject to the approval of the Bankruptcy Court, the term of the PR Liquidating Trust may be extended, one or more times for a finite period, and in connection therewith, the Liquidating Trustee may seek a favorable ruling from the Internal Revenue Service regarding the implications of such an extension, if any, on the tax liabilities of the PR Liquidating Trust or its beneficiaries. Upon the occurrence of the termination of the PR Liquidating Trust, the Liquidating Trustee shall File with the Bankruptcy Court a report thereof seeking an Order discharging the Liquidating Trustee.

12.12.2. The Liquidating Trustee shall, to the extent necessary or appropriate and at the expense of the PR Liquidating Trust, File an application with the Clerk of the Court requesting the entry of a final decree closing the Bankruptcy Cases, and File all documents required or contemplated by Bankruptcy Rule 3022 and any applicable Order of the Bankruptcy Court to close the Bankruptcy Cases; *provided, however,* the Liquidating Trustee shall not File an application for final decree in the Bankruptcy Cases until and unless the conditions to the Plan becoming effective have been fully met, and objections to Claims, Preferred Stock Interests, and Other Equity Interests in all Classes have been resolved pursuant to the Plan. In the event that there are no Trust Assets transferred to the PR Liquidating Trust, then this section of this Plan shall apply to the Plan Agent and the Estates once the Plan Agent has liquidated all

Assets of the Estates, and paid all corresponding Net Available Funds in Distributions pursuant to this Plan.

12.13. **Section 1146 Exemption.** Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local government officials or agents to forego collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfer of property without the payment of any such tax or governmental assessment.

12.14. **Section 1125(e) Good Faith Compliance.** The Plan Proponents and each of their respective representatives shall be deemed to have acted in "good faith" under section 1125(e) of the Bankruptcy Code.

12.15. **No Stay of Confirmation Order.** The Confirmation Order shall contain a waiver of any stay of enforcement otherwise applicable, including Bankruptcy Rules 3020(e) and 7062.

12.16. **Service of Pleadings and Notices.** Unless and until otherwise directed, any pleading, notice or other document required or permitted by the Plan to be served on or delivered to the Post-Confirmation Debtors, the Chapter 11 Trustee, the Plan Agent, the Committees, the Liquidating Trustee or the U.S. Trustee, as the case may be, shall be sent by U.S. first class mail, postage prepaid, to:

Chapter 11 Trustee / Plan Agent
for Post-Confirmation Debtors:
Dennis L. Roossien, Jr.
Munsch, Hardt, Kopf, & Harr, P.C.
3800 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201-6659

With copies to:
Joseph J. Wielebinski, Jr.
Munsch, Hardt, Kopf, & Harr, P.C.
3800 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201-6659

Creditors Committee:
Holland N. O'Neil
Gardere Wynne Sewell LLP
1601 Elm Street
3000 Thanksgiving Tower
Dallas, Texas 75201

Investors Committee:
Michael R. Rochelle
Rochelle McCullough L.L.P.
325 N. St. Paul Street, Ste. 4500
Dallas, Texas 75201

Liquidating Trustee:
Milo H. Segner, Jr.
1412 Main Street
Dallas, Texas 75202

United States Trustee:
Office of United States Trustee
Attn: George F. McElreath
1100 Commerce Street, Room 976
Dallas, Texas 75242

**ARTICLE XIII.
PROVISIONS FOR RETENTION OF JURISDICTION**

13.1. **Retention of Jurisdiction.** Notwithstanding entry of the Confirmation Order, or the entry of a final decree, with respect to the Bankruptcy Cases, or any of them, the Bankruptcy Court shall retain jurisdiction from and after the Effective Date, to the fullest extent legally permitted, over the Bankruptcy Cases, all proceedings arising under, arising in or related to the Bankruptcy Cases, the Confirmation Order, the Plan and administration of the PR Liquidating Trust, including, without limitation, jurisdiction to:

- (a) determine (i) any Disputed Claims, Disputed Preferred Stock Interests, Disputed Other Equity Interests and all related Claims accruing after the Confirmation Date including rights and liabilities under contracts giving rise to such Claims, (ii) the validity, extent, priority, and nonavoidability of consensual and nonconsensual Liens and other encumbrances, (iii) preconfirmation tax liability pursuant to section 505 of the Bankruptcy Code, and (iv) controversies and disputes regarding the interpretation of the Plan and documents executed in connection therewith;
- (b) allow, disallow, estimate, liquidate or determine any Claim, Preferred Stock Interest, or Other Equity Interest against or in a Debtor and to enter or enforce any Order requiring the Filing of any such Claim, Preferred Stock Interest, or Other Equity Interest before a particular date;
- (c) approve all matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease of the Debtors pursuant to section 365 of the Bankruptcy Code and the Plan;
- (d) determine any request for payment of an administrative expense entitled to priority under section 507(a)(1) of the Bankruptcy Code, including compensation of parties entitled thereto, or fees and reimbursements to the Plan Agent;
- (e) resolve controversies and disputes regarding the interpretation and implementation of the Plan, any disputes relating to whether or not a timely and proper proof of Claim was Filed or whether a Disallowed Claim, Disallowed Preferred Stock Interest, or Disallowed Other Equity Interest should be reinstated;
- (f) implement the provisions of the Plan and enter Orders in aid of confirmation and consummation of the Plan, including any disputes concerning the enforceability or applicability of the releases and injunctions contained herein;
- (g) determine issues relating to the garnishment of any Distributions payable under the terms of the Plan;

- (h) modify the Plan pursuant to section 1127 of the Bankruptcy Code;
- (i) adjudicate any and all Causes of Action that arose in the Bankruptcy Cases prior to the Confirmation Date or in connection with the implementation of the Plan, whether or not pending on the Confirmation Date, including without limitation, any remands of appeals;
- (j) resolve disputes concerning any reserves with respect to Disputed Claims, Disputed Preferred Stock Interests, and Disputed Other Equity Interests or the administration thereof;
- (k) resolve any disputes concerning whether a person or entity had sufficient notice of the Bankruptcy Cases, any applicable Bar Date, the hearing on the approval of the Disclosure Statement as containing adequate information, or the Confirmation Hearing for the purpose of determining whether a Claim, Preferred Stock Interest, or Other Equity Interest is discharged hereunder or for any other purpose;
- (l) determine any and all applications, claims, pending adversary proceedings, and contested matters (including, without limitation, any adversary proceeding or other proceeding to recharacterize agreements or reclassify Claims, Preferred Stock Interests, or Other Equity Interests) in these Bankruptcy Cases;
- (m) enter and implement such Orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (n) seek the issuance of such Orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;
- (o) consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any Order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- (p) recover all assets of the Debtors, the Post-Confirmation Debtors, and property of the Estates, wherever located, including any Cause of Action;
- (q) resolve any dispute relating to the approval and payment of the fees and expenses of the Plan Agent, the Liquidating Trustee, the Trust Oversight Committee or their respective professionals;
- (r) resolve matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (s) hear any other matter not inconsistent with the Bankruptcy Code;
- (t) resolve any and all disputes or controversies relating to Distributions to be made, and/or reserves or escrows to be established, under the Plan;
- (u) enter one or more final decrees closing the Bankruptcy Cases;
- (v) enforce any injunctions or discharges granted under the Plan; and

(w) approve settlements relating to any of the above.

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Dated: April 21, 2010

CHAPTER 11 TRUSTEE

By: /s/ Dennis L. Roossien, Jr.
Dennis L. Roossien, Jr.

MUNSCH HARDT KOPF & HARR, P.C.

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**ATTORNEYS FOR DENNIS L. ROOSSIEN,
JR., CHAPTER 11 TRUSTEE**

**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

By: _____
Chairman

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**ATTORNEYS FOR THE OFFICIAL
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OFFICIAL INVESTORS COMMITTEE

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**ATTORNEYS FOR OFFICIAL INVESTORS
COMMITTEE**

EXHIBIT "A"

PR LIQUIDATING TRUST AGREEMENT

EXHIBIT "A"

PR LIQUIDATING TRUST AGREEMENT

**PR LIQUIDATING TRUST AGREEMENT
AND DECLARATION OF TRUST**

DATED: _____, 2010

**PR LIQUIDATING TRUST AGREEMENT
AND DECLARATION OF TRUST**

This PR Liquidating Trust and Declaration of Trust (the "Trust Agreement"), dated as of _____, 2010, by and among Dennis L. Roossien, Jr. (the "Chapter 11 Trustee"), in his capacity as the Chapter 11 Trustee of each of the Debtors (as defined below) and Milo H. Segner, Jr. (the "Liquidating Trustee"), in his capacity as the initial trustee of the PR Liquidating Trust (the "Trust"), which is established pursuant to the *Consolidated Plan of Liquidation for the Debtors' Estates under Chapter 11 of the United States Bankruptcy Code* (as altered, amended, modified, or supplemented from time to time the "Plan").

RECITALS

WHEREAS, on June 22, 2009, the following entities filed petitions for relief under chapter 11 of title 11 of the United States Code: Provident Royalties, LLC, Case No. 09-33886; Provident Operating Company, LLC, Case No. 09-33893; Somerset Lease Holdings, Inc., Case No. 09-33892; Somerset Development, Inc., Case No. 09-33912; Provident Energy 1, LP, Case No. 09-33888; Provident Resources 1, LP, Case No. 09-33887; Provident Energy 2, LP, Case No. 09-33894; Provident Energy 3, LP, Case No. 09-33899; Shale Royalties II, Inc., Case No. 09-33889; Shale Royalties 3, LLC, Case No. 09-33891; Shale Royalties 4, Inc., Case No. 09-33890; Shale Royalties 5, Inc., Case No. 09-33895; Shale Royalties 6, Inc., Case No. 09-33896; Shale Royalties 7, Inc., Case No. 09-33898; Shale Royalties 8, Inc., Case 09-33900; Shale Royalties 9, Inc., Case No. 09-33902; Shale Royalties 10, Inc., Case No. 09-33901; Shale Royalties 12, Inc., Case No. 09-33903; Shale Royalties 14, Inc., Case No. 09-33905; Shale Royalties 15, Inc., Case No. 09-33904; Shale Royalties 16, Inc., Case No. 09-33906; Shale Royalties 17, Inc., Case No. 09-33913; Shale Royalties 18, Inc., Case No. 09-33907; Shale Royalties 19, Inc., 09-33908; Shale Royalties 20, Inc., Case No. 09-33910; Shale Royalties, 21, Inc., Case No. 09-33909; and Shale Royalties 22, Inc., Case No. 09-33911 (collectively, the "Debtors"), and each of the bankruptcy cases are jointly administered under Case Number 09-33886-HDH (the "Bankruptcy Cases") and pending in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court"); and

WHEREAS, on July 20, 2009, Dennis L. Roossien, Jr., was appointed to serve as the Chapter 11 Trustee; and

WHEREAS, on _____, 2010, the Bankruptcy Court confirmed the Plan by entering its Order Confirming the Plan on _____, 2010 [Docket Number ____] (the "Confirmation Order"); and

WHEREAS, the Plan and the Confirmation Order provide for, among other things, (a) the creation of the Trust, (b) the transfer of the initial Trust Assets to the Trust, (c) the appointment of the Liquidating Trustee as the initial trustee of the Trust, (d) the initiation and/or prosecution of claims and Causes of Action against third parties by the Liquidating Trustee, (e) the management and orderly liquidation of the Trust Assets by the Liquidating Trustee, and (f) the distribution of the proceeds from the liquidation of the Trust Assets to the Beneficiaries of the Trust; and

WHEREAS, members of the Trust Oversight Committee have been selected and such selection has been approved by the Bankruptcy Court, and each member has agreed to serve under the terms and conditions hereinafter set forth in this Trust Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

ARTICLE I DEFINITIONS

Unless the context otherwise requires, capitalized terms within this Trust Agreement shall have the meanings assigned to them in this Article of the Trust Agreement. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any capitalized term used in this Trust Agreement which is not defined herein shall have the meaning assigned to such term in the Plan or, if not defined in the Plan, in the Bankruptcy Code.

1.1. "**Bankruptcy Cases**" shall have the meaning given such term in the Recitals of this Trust Agreement.

1.2. "**Bankruptcy Court**" shall have the meaning given such term in the Recitals of this Trust Agreement.

1.3. "**Beneficiaries**" means the holders of Allowed Equity Interests.

1.4. "**Chapter 11 Trustee**" shall have the meaning given such term in the introductory paragraph of this Trust Agreement.

1.5. "**Confirmation Order**" shall have the meaning given such term in the Recitals of this Trust Agreement

1.6. "**Debtors**" shall have the meaning given such term in the Recitals of this Trust Agreement.

1.7. "**Disputed Interests Reserve**" shall have the meaning given such term in section 3.4 of this Trust Agreement.

1.8. "**Distribution Record Date**" means that date established by the Bankruptcy Court as the record date for the making of Distributions or reserving of Distributions, as applicable, to holders of Allowed Equity Interests, which shall be no earlier than the Effective Date.

1.9. "**Effective Date**" means the first date on which all conditions precedent set forth in section 10.2 of the Plan have been satisfied or waived by the Plan Proponents.

1.10. "**Initial Trust Assets**" means all claims and Causes of Action held by any Debtor's Estate, plus \$5 million in Cash.

1.11. "**Investors Committee**" means the Official Investors Committee appointed in the Bankruptcy Cases by the United States Trustee on or about July 30, 2009, pursuant to section 1102 of the Bankruptcy Code.

1.12. "**Liquidating Trustee**" shall have the meaning given such term in the introductory paragraph of this Trust Agreement.

1.13. "**Litigation and Administration Reserve**" means that certain reserve to be established and maintained by the Liquidating Trustee pursuant to section 8.12 of the Plan.

1.14. "**Net Available Funds**" means the Cash on hand of the Trust, excluding funds required for the payment of expenses of administration under this Plan or otherwise required to be reserved under the Plan.

1.15. "**Permitted Investments**" means investments in the form of the deposit of funds into interest-bearing accounts or the acquisition of demand or time deposits, such as short-term certificates of deposit, maintained at banks or other savings institutions providing adequate protection for such investments, or in the form of the acquisition of United States Treasury Bills; provided, however, that in each such case such investments shall be prudent and appropriate under the circumstances, and in such amounts and upon such terms as a reasonable and prudent fiduciary would select with a view toward sufficient liquidity to make distributions to the Beneficiaries within the time frames, and under the terms and conditions, dictated by this Trust Agreement and the Plan.

1.16. "**Plan**" shall have the meaning given such term in the introductory paragraph of this Trust Agreement.

1.17. "**Registry**" shall have the meaning given such term in section 5.2 of this Trust Agreement.

1.18. "**Reserved Matters**" shall have the meaning given such term in section 2.4.5 of this Trust Agreement.

1.19. "**Successor Trustee**" means an individual appointed to serve as trustee of the Trust in the event of the death, resignation or discharge of the previously-appointed Liquidating Trustee. From and after the appointment of a Successor Trustee, all references herein to the Liquidating Trustee shall apply to the Successor Trustee.

1.20. "**Tax Code**" means the Internal Revenue Code of 1986, as amended.

1.21. "**Termination Date**" shall have the meaning given such term in section 2.5 of this Trust Agreement.

1.22. "**Trust**" shall have the meaning given such term in the introductory paragraph.

1.23. "**Trust Agreement**" shall have the meaning given such term in the introductory paragraph.

1.24. "**Trust Assets**" means all remaining Assets of the Debtors, Post-Confirmation Debtors and their Estates net of the Plan Agent's costs of administering the Plan, following the first date on which all Allowed and Disputed unclassified Claims, the Sinclair Cash Payment and all Claims in Classes 1 through 3 and 5, have been fully paid or administered by the Plan Agent, or transferred to the Trust, plus the Initial Trust Assets.

1.25. "**Trust Oversight Committee**" means the committee established pursuant to section 6.2.9 of the Plan.

1.26. "**Undeliverable and Unclaimed Reserve**" shall have the meaning given such term in section 3.4 of this Trust Agreement.

ARTICLE II CREATION OF THE TRUST

2.1. **Purpose of Trust.** The Debtors, in compliance with the Plan and the Confirmation Order, hereby constitute and create this Trust for the purpose of effecting an orderly disposition and liquidation of the Trust Assets, distributing the Net Available Funds to the Beneficiaries and to make the other payments called for in the Plan and this Trust Agreement. The activities of the Trust shall be those reasonably necessary to, and consistent with, the accomplishment of that purpose, and shall not include the conduct of a trade or business.

2.2. **Acceptance by Liquidating Trustee.** In accordance with the provisions of the Plan, the Investors Committee selected Milo H. Segner, Jr., of Dallas, Texas, as the initial Liquidating Trustee. The Liquidating Trustee hereby accepts the appointment to act and serve as Liquidating Trustee of the Trust and to hold and administer the Trust Assets under the terms of this Trust Agreement and the Plan.

2.3. **Name of Trust.** The Trust established hereby shall bear the name "PR Liquidating Trust." In connection with the exercise of the powers as Liquidating Trustee, the Liquidating Trustee may use this name or such variation thereon as he sees fit, or the Liquidating Trustee may use his own name, as trustee of the Trust.

2.4. Transfer of Trust Assets to Trust.

2.4.1. Effective immediately upon the occurrence of the Effective Date, the Initial Trust Assets shall vest in the Trust for all purposes free and clear of any Lien, Claim or Equity Interest. Specifically: (a) without the need for any further action by any Person or the Bankruptcy Court, all Causes of Action held by any Estates against any Person, including, without limitation, any and all investor claims assigned to the Trust pursuant to section 4.6.3 of the Plan, shall vest in the Trust for all purposes; and (b) as soon as reasonably practicable following the occurrence of the Effective Date, the Plan Agent shall transfer \$5 million in Cash to the Trust in order to complete the transfer of the Initial Trust Assets. Except as expressly provided otherwise in the Plan, the Trust shall receive transfer of, and hold, the Initial Trust Assets free and clear of any Liens, Claims, encumbrances, or interests in such property of any other Person.

2.4.2. Following the Effective Date, as soon as reasonably practicable after:

- (i) all Allowed Administrative Claims, Allowed Priority Tax Claims, all Allowed Claims in Classes 1 through 3 and 5 have been paid in full, and all Disputed Claims in such Classes have been resolved or the liability for such Disputed Claims has transferred to the Trust;
- (ii) the Sinclair Cash Payment has been made; and

(iii) the Plan Agent has paid all costs and expenses incurred by the Plan Agent in his administration of the Plan as of such date, including but not limited to, for his compensation and reimbursement and those of his professionals and retained persons; then

the Plan Agent shall transfer to the Trust all of the remaining Trust Assets, comprised of all remaining Assets of the Estates and any net proceeds thereof. Except as expressly provided otherwise in the Plan, the Trust shall receive transfer of, and hold, all such Assets free and clear of any Liens, Claims, encumbrances, or interests in such property of any other Person.

2.4.3. As of the Effective Date, the Trust shall be deemed to have taken an assignment, bill of sale, deed and/or release of the Sinclair Allocation Claims, and all claims and causes of action held individually by holders of Equity Interests voting in favor of the Plan against third parties and arising in connection with their dealings with the Debtors (unless such holders shall have exercised the Opt-Out Election).

2.4.4. With respect to the transfer of any Trust Assets, the Trust shall be deemed to have taken at such time: (a) an assignment, bill of sale, deed and/or release covering such Trust Assets; and (b) an assignment of all Causes of Action against third parties for obligations or claims existing on or created by virtue of the Effective Date, if not previously (x) transferred to the Trust, (y) resolved by the Plan Agent or (z) expressly released herein. At such time as the final Trust Assets are transferred to the Trust, the Trust shall also be deemed to have taken assignments of bank accounts containing Cash in the possession of the Post-Confirmation Debtors, Plan Agent and the Estates.

2.4.5. Notwithstanding any other provision of the Plan, at any time following the transfer and vesting of the Initial Trust Funds in and to the Trust, the Plan Agent and Liquidating Trustee, in their discretion, may determine: (a) that the Plan Agent may withhold from any subsequent transfer of Trust Assets certain pending Causes of Action, lawsuits or other proceedings; or (b) the Liquidating Trustee may assign back to the Plan Agent certain pending Causes of Action, lawsuits or other proceedings; in order to allow the Plan Agent to continue with their prosecution, in the interests of convenience, efficiency and maximizing recoveries ("Reserved Matters"). The Trust shall have the exclusive liability for the costs of administration of Reserved Matters. At such time as any such Reserved Matter is resolved and liquidated, the proceeds thereof and any remaining funds reserved for the administration of such Reserved Matter shall be reasonably promptly transferred to the Trust.

2.4.6. After the Plan Agent is discharged from his duties as Plan Agent, the Liquidating Trustee shall succeed the Plan Agent as the sole officer and director of each of the Debtors. In that capacity, Liquidating Trustee may execute all other documents necessary or useful to convey and to confirm title to the Trust Assets.

2.5. Termination of the Trust. The Trust shall terminate upon the earlier of five (5) years or the fulfillment of the Trust's purpose by the liquidation of the Trust Assets and the distribution of Net Available Cash (the "Termination Date"). Every effort shall be made to see to it that termination shall be not later than the time reasonably necessary to accomplish the Trust's purpose of liquidating Trust Assets and discharging liabilities. Notwithstanding the foregoing, in the event that the Liquidating Trustee determines that the Trust will be unable, after continuing reasonable efforts, to fully administer the Trust by the Termination Date, then by

written agreement between the Liquidating Trustee and the Trust Oversight Committee, executed prior to the Termination Date, the Termination Date may be extended for an additional finite period of time, which extended deadline shall then constitute the Termination Date for purposes of this provision; provided, however, the Termination Date shall never exceed ten (10) years from the Effective Date.

2.6. **Tax Treatment.** The Trust is a Qualified Settlement Fund under Section 468B of the Internal Revenue Code of 1986, as amended, and Treasury Regulation Section 1.468B. Pursuant to the Plan, the Liquidating Trustee shall take no actions that are inconsistent with the Trust's status as such a Qualified Settlement Fund.

ARTICLE III RIGHTS, POWERS, AND DUTIES OF LIQUIDATING TRUSTEE

3.1. **Declaration Acknowledging Beneficial Interest.** The Liquidating Trustee hereby acknowledges that, on and after the Effective Date, the Beneficiaries and their successors and assigns, as permitted in Article V below, will have beneficial interests in all Trust Assets.

3.2. **Management of the Trust.** The Liquidating Trustee shall have and retain all the rights, powers, and duties necessary to carry out his responsibilities under the Plan, the Trust, and the Confirmation Order. The Liquidating Trustee shall endeavor to take charge of the Trust Assets and shall collect, conserve, protect, and liquidate, or otherwise convert into Cash, all Trust Assets, including Causes of Action and claims against third parties, and all such other property incidental thereto as may hereafter be acquired from time to time by the Trust. Except as otherwise provided in this Trust, the Liquidating Trustee may control and exercise authority over the Trust Assets and the acquisition, management and disposition thereof, and over the management and conduct of the operations of the Trust to the same extent as if the Liquidating Trustee were the sole legal and beneficial owner thereof in his own right. No Person dealing with the Trust shall be obligated to inquire into the authority of the Liquidating Trustee in connection with the acquisition, management, or disposition of the Trust Assets. In connection with the management and use of the Trust Assets, the Liquidating Trustee, without limitation of his power and authority, may do the following:

- (i) To accept the Trust Assets transferred to the Trust pursuant to this Trust Agreement and the Plan;
- (ii) To abandon any Trust Asset that is determined by the Liquidating Trustee to be of inconsequential, or negative, value to the Trust and the Beneficiaries;
- (iii) To negotiate and consummate sales of Trust Assets;
- (iv) To enter into agreements and covenants binding the Trust;
- (v) To execute, acknowledge and deliver any and all instruments which are necessary, required, or deemed by the Liquidating Trustee to be advisable in connection with the performance of the Liquidating Trustee's duties hereunder, including, without limitation, deeds, bills of sale, and assignments;
- (vi) To endorse the payment of notes or other obligations of any Person or make contracts with respect thereto;

- (vii) To establish such bank accounts as required under the Plan and as otherwise deemed necessary or appropriate, and draw checks on and otherwise transfer funds from such accounts consistent with provisions of this Trust Agreement and the Plan;
- (viii) To invest Trust Assets in Permitted Investments;
- (ix) To pay all lawful expenses, debts, charges and liabilities of the Trust;
- (x) To pay all taxes, make all tax withholdings, file all tax returns and tax information returns, and make all tax elections by and on behalf of the Trust, to the extent required or deemed necessary or appropriate by the Liquidating Trustee;
- (xi) To establish such reserves as are required or permitted under the terms of this Trust Agreement and the Plan;
- (xii) To purchase insurance coverage in such amounts, if any, as deemed advisable by the Liquidating Trustee to protect the Trust and the Trust Assets;
- (xiii) To participate in and initiate any proceedings before the Bankruptcy Court or any other court, or in any administrative, arbitative or other non-judicial proceeding, to pursue claims by or on behalf of or involving, or to defend in response to claims against, the Trust, including, without limitation, (a) Causes of Action transferred to the Trust, and (b) objections to Equity Interests;
- (xiv) To settle objections to Equity Interests, Causes of Action, and any and all other disputes involving the Trust, the Trust Assets and any and all matters related thereto;
- (xv) To select and employ such professionals, agents or employees as the Liquidating Trustee deems necessary to assist in the administration of the Trust, and to compensate such Persons and reimburse such Persons for out-of-pocket expenses incurred by them on reasonable terms agreed to by the Liquidating Trustee;
- (xvi) To distribute Trust Assets to Beneficiaries in accordance with the terms of this Trust Agreement and the Plan;
- (xvii) To enforce the provisions of this Trust Agreement, the Plan and the Confirmation Order;
- (xviii) To cause the Trust to indemnify the Liquidating Trustee against actual or asserted liability in connection with his administration of the Trust, except to the extent that his actions or omissions constitute gross negligence or willful misconduct; and
- (xix) To take any and all other actions as are necessary or deemed appropriate in the Liquidating Trustee's discretion to accomplish the purposes of the Trust, this Trust Agreement, the Plan, and the Confirmation Order.

3.3. **Standing to Pursue Causes of Action, Other Claims, Objections and Defenses.** Pursuant to the Plan and section 1123(b)(3) of the Bankruptcy Code, the Liquidating Trustee shall independently have standing, or alternatively have standing as the appointed representative of the Debtors and/or the Estates: (a) to assert, prosecute and settle any and all Causes of Action transferred to the Trust; and (b) to assert, prosecute and settle any and all objections, counterclaims, rights of setoff, rights of recoupment, and other defenses to Equity Interests.

3.4. **Reserves.** The Liquidating Trustee shall hold as reserve, either in the form of Cash or securities, sufficient funds to pay:

- (i) the Litigation and Administrative Reserve;
- (ii) *Pro Rata Share* Distribution for all Disputed Equity Interests which have not been Disallowed and not yet paid (the "Disputed Interests Reserve"), taking into account sums which have already been paid to holders of Allowed Equity Interests; and
- (iii) the appropriate reserve for undeliverable or unclaimed distributions (collectively, the "Undeliverable and Unclaimed Reserve") as required by Plan.

3.5. **Distributions.** After funding the Litigation and Administration Reserve, the Distributed Interests Reserve and the Undeliverable and Unclaimed Reserve, subsequent *Pro Rata Share* Distributions of Net Available Funds may be made to the Beneficiaries. The Liquidating Trustee shall consult with the Trust Oversight Committee as to the timing of Distributions to the Beneficiaries; provided, however, if the Liquidating Trustee intends to make its final Distribution, such Distribution shall be made regardless of the amount of available Cash. Subject to section 5.2 of this Agreement, the Liquidating Trustee shall make Distributions on account of Allowed Equity Interests as of the Distribution Record Date.

3.6. **Delivery of Distributions.** When making Distributions, the Liquidating Trustee may rely exclusively upon the addresses contained in: (a) a Debtor's Bankruptcy Schedules, if a Beneficiary did not file a Proof of Claim or Equity Interest; (b) a Beneficiary's filed Proof of Claim or Equity Interest; or (c) if after the Effective Date, any written notice provided to the Liquidating Trustee. The Liquidating Trustee shall have no obligation to search for new addresses of Beneficiaries whose Distributions are returned as undeliverable. The administration of undeliverable or unclaimed Distributions shall be governed by section 8.10 of the Plan.

3.7. **Consultation with Trust Oversight Committee.** As provided in section 4.2 of this Trust Agreement, the Liquidating Trustee shall consult with the Trust Oversight Committee on a regular basis regarding the management of the Trust, the distribution of Net Available Cash, and the conduct of the Trust's affairs. The Liquidating Trustee shall not agree to allowance or settlement of a Claim for one hundred thousand dollars (\$100,000.00) or more, or pay an expense that exceeds twenty-five thousand dollars (\$25,000.00), without the Trust Oversight Committee's specific approval. If the Trust Oversight Committee does not approve an action proposed by the Liquidating Trustee, he may seek the Bankruptcy Court authority for the action.

3.8. Records and Reporting.

3.8.1. The Liquidating Trustee shall maintain good and sufficient records of receipts, disbursements and reserves of the Trust, including the Registry described in section 5.2 of this Trust Agreement, and such books and records shall be open to inspection at reasonable times upon reasonable request of any Beneficiary of the Trust.

3.8.2. Not later than forty-five (45) days after the end of each calendar year, and as soon as practicable after termination of the Trust, the Liquidating Trustee shall submit to the Bankruptcy Court an unaudited written report and account showing:

- (i) the Trust Assets and liabilities of the Trust at the end of each taxable year and upon termination of the Trust;
- (ii) any changes in the Trust Assets which have not been previously reported; and
- (iii) any material action taken by the Liquidating Trustee in the performance of his duties under the Trust Agreement which has not been previously reported.

3.8.3. Not less than fifteen (15) days before the commencement of each calendar quarter, the Liquidating Trustee shall submit to the Trust Oversight Committee a proposed budget for the quarter, which the Trust Oversight Committee may either approve or disapprove. If the Trust Oversight Committee disapproves the budget, the Liquidating Trustee may either make a new budget proposal or seek approval from the Bankruptcy Court for his budget.

3.8.4. Not less often than fifteen (15) days after the end of each calendar quarter, the Liquidating Trustee shall submit to the Trust Oversight Committee a report of Trust activities during the quarter, including but not limited to:

- (i) the Trust's current financial status and budget;
- (ii) allowance and payments of Equity Interests;
- (iii) progress in litigation of all types in which the Trust is involved; and
- (iv) any other matters which the Liquidating Trustee either wishes to, or is required to, raise with the Trust Oversight Committee for its consideration and direction.

3.8.5. The Liquidating Trustee shall furnish to the Beneficiaries such information with respect to any federal or state tax as shall be required by law.

3.9. Trustee's Compensation and Reimbursement of Expenses. The Liquidating Trustee shall be paid for his services in an amount and upon terms which are specifically approved by the Investors Committee and disclosed not fewer than ten (10) days prior to the Confirmation Hearing. A portion of the Liquidating Trustee's compensation may be based upon amounts recovered by the Trust through litigation and negotiation. Following the Effective Date, any changes to the terms of the Trustee's compensation shall be specifically approved in writing by the Trust Oversight Committee. The Liquidating Trustee shall further be reimbursed for all

reasonable out-of-pocket expenses incurred in the performance of his duties hereunder. The compensation and reimbursement of the Liquidating Trustee shall be made solely from the Trust Assets after approval by the Trust Oversight Committee.

3.10. Selection and Compensation of Attorneys and Agents. The Liquidating Trustee may select and employ attorneys, accountants, brokers, consultants, employees, and other agents, including any Person or professional retained by either the Chapter 11 Trustee or the Plan Agent, as well as the Plan Agent himself, as the Liquidating Trustee deems necessary to assist him in the performance of his duties. These individuals and groups may be employed without regard to their prior employment in the Bankruptcy Cases. In addition, after consultation with the Trust Oversight Committee, the Liquidating Trustee may employ former employees of the Debtors; provided, however, such former employees were not an officer or director of any of the Debtors or any entity owned by the Debtor. After consultation with the Trust Oversight Committee, the Liquidating Trustee may pay the salaries, fees, and expenses of attorneys, accounts, brokers, consultants, employees, and other agents out of the Trust Assets without further order of the Bankruptcy Court. The compensation and reimbursement of any attorney, accountant, brokers, consultant, employee, or other agent employed by the Liquidating Trustee shall be made solely from the Trust Assets after approval by the Trust Oversight Committee.

3.11. Exercise of Power. Except to the extent otherwise expressly provided by this Trust Agreement, the Liquidating Trustee shall not be required to procure the authorization of any court in the exercise of any of the powers conferred upon him by this Trust Agreement. No Person dealing with the Trust shall be obligated to inquire into the authority of the Liquidating Trustee in connection with the acquisition, management or disposition of Trust Assets.

3.12. Liability of Liquidating Trustee.

3.12.1. Standard of Care. Provided the Liquidating Trustee acts in good faith pursuant to the discretion, powers, and authority conferred on him by the Plan and this Trust Agreement, the Liquidating Trustee shall not personally be liable for any of his actions or omissions in the administration of the Trust.

3.12.2. Reliance on Documents or Advice of Counsel or Other Persons. Except as otherwise provided in this Trust Agreement, the Liquidating Trustee may rely upon, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by the Liquidating Trustee to be genuine and to have been signed or presented by the proper party or parties. The Liquidating Trustee may also engage and consult with legal counsel and shall not be liable for any action taken or suffered by the Liquidating Trustee in reliance upon the advice or opinions of his counsel. Notwithstanding the foregoing, the Liquidating Trustee shall be under no obligation to consult with attorneys, accountants or his agents, and his determination to not do so should not result in imposition of liability on the Liquidating Trustee unless such determination is based on willful misconduct or gross negligence.

3.12.3. No Implied Obligations. The Liquidating Trustee shall not be liable except for the performance of the duties and obligations specifically set forth in the Plan and in this Trust Agreement, and there shall be no implied duties, obligations or covenants.

3.12.4. Recourse for Trust Obligations Limited to Trust. No recourse shall ever be had, directly or indirectly, against the Liquidating Trustee, in his individual capacity,

by legal or equitable proceedings or otherwise, by virtue of any contract, agreement, promise, undertaking, covenant, instrument or other writing executed by the Liquidating Trustee for any authorized purpose in the administration of the Trust, it being expressly understood and agreed that all such liabilities, whether in writing or otherwise, shall be enforceable, to the extent valid, only against, and shall be satisfied only from, the Trust Assets.

3.12.5. *No Liability for Acts of Predecessors.* No Successor Liquidating Trustee shall be in any way responsible for the acts or omissions of any Liquidating Trustee in office prior to the date on which such person becomes a Liquidating Trustee, unless a Successor Liquidating Trustee expressly assumes such responsibility.

3.13. **Indemnification.** Provided the Liquidating Trustee acts in good faith, the Liquidating Trustee, the Trust shall indemnify the Liquidating Trustee against any and all claims, causes of action and liability, including all expenses and defense costs, associated with, and shall hold harmless the Liquidating Trustee as to, his actions and omissions in administering the Trust, except to the extent that such actions or omissions constitute gross negligence or willful misconduct. In the event that any legal proceeding is instituted against the Liquidating Trustee, in his individual capacity, on account of any actions or omissions taken by the Liquidating Trustee in administering the Trust, then prior to the final disposition of such action, the Liquidating Trustee shall be entitled to have the Trust advance to the Liquidating Trustee such fees and costs as are reasonably incurred by the Liquidating Trustee in defending against such action; provided, however, the Liquidating Trustee first (a) executes an affidavit attesting to the fact that he has acted in good faith and has not taken any actions constituting gross negligence or willful misconduct, and (b) executes an instrument whereby he promises to reimburse to the Trust such advanced amounts in the event that the final disposition of such action includes a finding that the Liquidating Trustee failed to act in good faith, was grossly negligent, or took any action constituting willful misconduct in connection with administration of the Trust.

3.14. **Bond.** The Liquidating Trustee shall not be required to post a bond to secure the proper performance of his duties and obligations under this Trust Agreement.

3.15. **Resignation.** The Liquidating Trustee may resign as trustee of the Trust by executing and delivering an instrument in writing to the Trust Oversight Committee and the Bankruptcy Court; provided, however, that (a) the Liquidating Trustee shall continue to serve, and shall not be relieved of any of the duties and obligations set forth herein, until such time as a Successor Liquidating Trustee is appointed, and (b) the obligations set forth within section 3.16 of this Trust Agreement shall be continuing and, notwithstanding the appointment of a Successor Liquidating Trustee, the Liquidating Trustee shall not be relieved of his responsibility to fully and promptly comply with such obligations.

3.16. **Obligations Upon Death, Resignation or Discharge.** In the event of the death, resignation or discharge of the Liquidating Trustee, upon the appointment of a Successor Liquidating Trustee, the Liquidating Trustee and/or his representative(s) shall promptly: (a) execute and deliver to the Successor Liquidating Trustee all such documents, instruments and other writings as are reasonably requested by the Successor Liquidating Trustee to evidence the termination of the Liquidating Trustee as trustee of the Trust; (b) execute and deliver to the Successor Liquidating Trustee all such documents, instruments and other writings as are reasonably requested by the Successor Liquidating Trustee to convey control of the Trust Assets from the Liquidating Trustee to the Successor Liquidating Trustee; (c) deliver to the Successor Liquidating Trustee all documents, instruments, records, electronically stored data,

and other written materials compiled by or at the direction of the Liquidating Trustee in connection with the Liquidating Trustee's administration of the Trust; and (d) otherwise assist and cooperate with the Successor Liquidating Trustee in effecting the transfer of all obligations and functions of the Liquidating Trustee in relation to the Trust to the Successor Liquidating Trustee.

3.17. Tax Returns and Payment of Taxes. The Liquidating Trustee shall cause a Federal Employer Identification Number for the Trust to be obtained and shall cause the annual income tax returns to be filed on the basis of a December fiscal year end. The Liquidating Trustee shall take all steps necessary to ensure that any tax obligations imposed on the Trust are paid. To the extent necessary to satisfy this requirement, the Liquidating Trustee, among other things, is hereby authorized to: (a) obtain a tax identification number for the Trust; (b) communicate with the Internal Revenue Service and any relevant state and local taxing authorities on behalf of the Trust; (c) make payment of taxes on behalf of the Trust, which taxes shall be paid out of Trust Assets; and (d) file all applicable tax returns for the Trust.

ARTICLE IV RIGHTS, POWERS, AND DUTIES OF THE TRUST OVERSIGHT COMMITTEE

4.1. Members.

4.1.1. Qualifications. Holders of Equity Interests are qualified to serve on the Trust Oversight Committee. Members of the Trust Oversight Committee may either be an individual or, in the event the holder of the Equity Interests is not an individual, a representative of the entity that holds the Equity Interest. The Trust Oversight Committee shall initially consist of three (3) holders of Equity Interests selected by the Investors Committee and approved by the Bankruptcy Court in the Confirmation Order. If a member of the Trust Oversight Committee sells, transfers or assigns all of its Equity Interests, the member shall no longer be qualified to serve on the Trust Oversight Committee and shall be deemed to have immediately resigned from the Trust Oversight Committee.

4.1.2. Successor Members. In the event of the death, resignation or disqualification of a member of the Trust Oversight Committee, the remaining members of the Trust Oversight Committee shall promptly elect a replacement member to the Trust Oversight Committee. Any successor member of the Trust Oversight Committee must be a holder of an Allowed Equity Interest and must be willing to serve. Upon the election of a successor member to the Trust Oversight Committee, the Trust Oversight Committee shall promptly notify the Liquidating Trustee of such election.

4.2. Function, Duties, and Responsibilities.

4.2.1. Advisory Responsibilities. The Trust Oversight Committee shall meet with the Liquidating Trustee upon such regular basis as the Trust Oversight Committee and the Liquidating Trustee deem appropriate. The Trust Oversight Committee shall consult with and advise the Liquidating Trustee regarding the carrying out of his duties, including but not limited to:

- (i) pursuit and resolution of claims and Causes of Action against third parties;

- (ii) administration of the Trust;
- (iii) distribution of dividends to Beneficiaries

4.2.2. *Review of Books and Records.* The Trust Oversight Committee shall have the right to inspect the books and records of the Trust upon reasonable request.

4.2.3. *Removal of the Liquidating Trustee.* The Trust Oversight Committee, in its sole discretion and by unanimous vote of the Trust Oversight Committee, may remove the Liquidating Trustee at any time. The removal of the Liquidating Trustee by the Trust Oversight Committee shall not require approval by the Bankruptcy Court.

4.2.4. *Appointment of the Successor Liquidating Trustee.* In the event of the death, incompetency, resignation, or removal of the Liquidating Trustee, the Trust Oversight Committee shall appoint the Successor Liquidating Trustee. The Successor Liquidating Trustee appointed under this Trust Agreement shall execute, acknowledge, and deliver to the Trust Oversight Committee and to the retiring Liquidating Trustee an instrument accepting his appointment, and thereupon the Successor Liquidating Trustee, without any further act, deed, or conveyance, shall become vested with all the rights, powers, trusts, and duties of the retiring Liquidating Trustee.

4.3. **Quorum.** A quorum for the purposes of a Trust Oversight Committee meeting shall be not less than two-thirds (2/3rds) of its members. The Trust Oversight Committee may take no action unless a quorum is in attendance.

4.4. **Duration.** The Trust Oversight Committee shall remain in existence until ninety (90) days after the final Distributions are made to the Beneficiaries.

4.5. **Compensation and Expenses.** The members of the Trust Oversight Committee shall serve without compensation for their performance of services as members of the Trust Oversight Committee, but shall be entitled to reimbursement from the Trust Assets for any reasonable expense incurred in connection with their services on the Trust Oversight Committees without further order of the Bankruptcy Court.

4.6. **Selection and Compensation of Attorneys and Advisors.** In the event that the Trust Oversight Committee has reason to believe, after reasonable investigation, that the Liquidating Trustee has taken actions, or failed to take actions, constituting gross negligence or willful misconduct in the administration of the Trust, the Trust Oversight Committee shall be entitled (but not required) to select and employ an attorney or such other advisors to assist the Trust Oversight Committee in further investigating such actions and/or omissions by the Liquidating Trustee. The reasonable fees and expenses incurred by the attorney or advisor employed by the Trust Oversight Committee shall be paid solely from the Trust Assets without further order of the Bankruptcy Court. The Trust Oversight Committee shall not be liable for any action taken or suffered by the Trust Oversight Committee in reliance upon the advice or opinions rendered by its professionals. Notwithstanding the foregoing, the Trust Oversight Committee shall be under no obligation to consult with attorneys and/or advisors, and its determination to not do so shall not result in the imposition of liability on the Trust Oversight Committee, its members and/or designees, unless such determination is based on willful misconduct or gross negligence.

4.7. **Liability.** Neither the Trust Oversight Committee, nor any of its members, designees, agents, or representatives, or any of their respective employees, shall be liable for the act or omission of any other member, designee, agent, or representative of the Trust Oversight Committee, nor shall any member of the Trust Oversight Committee be liable for any act or omission taken or omitted to be taken in its capacity as a member of the Trust Oversight Committee, other than acts or omissions resulting from such member's willful misconduct or gross negligence.

4.8. **Indemnification.** The Trust shall indemnify and hold harmless the Trust Oversight Committee and its members, designees, professionals, agents, and representatives (acting in such capacity) from all liabilities, losses, damages, claims, costs and expenses (including, but not limited to attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of these actions or omissions) with respect to the Trust or the implementation or administration of the Plan; provided, however, that no indemnification will be made to such Persons for actions or omissions as a result of willful misconduct or gross negligence.

ARTICLE V RIGHTS, POWERS AND DUTIES OF BENEFICIARIES

5.1. **Interests of Beneficiaries.** Each Person with an Allowed Equity Interest is a Beneficiary of this Trust. The ownership of a beneficial interest in the Trust Assets shall not entitle any Beneficiary to: (a) claim title in or to any of the Trust Assets; (b) call for a partition or division of any of the Trust Assets, or (c) require an accounting, except as expressly and specifically required by the terms of this Agreement. Each Beneficiary's interest in the Trust shall be automatically adjusted upon and as of the date the Equity Interest is Disallowed or, in the event the Equity Interest was Disputed, Allowed in an amount other than the amount of such Disputed Equity Interest as of the Effective Date.

5.2. **Evidence of Beneficial Interest.** The beneficial interests of the Beneficiaries shall not be evidenced by any certificate, security, receipt, or other writing. The Liquidating Trustee shall at all times, however, maintain a register (the "Registry") reflecting the names and addresses of all Beneficiaries and their respective Allowed Equity Interests. The Liquidating Trustee may treat the Beneficiary in whose name the beneficial interests in the Trust is recorded in the Registry as its owner for all purposes, including receiving Distributions.

5.3. **Exemption from Registration.** The parties hereto intend, and the Bankruptcy so found in the Confirmation Order, that the Beneficiaries' interests in the Trust are not "securities" under applicable law, and thus are exempt from registration under applicable securities law. Should such interests be treated as securities, the parties intend for the exemption to registration provided by section 1145 of the Bankruptcy Code to apply. Any subsequent transfer by a Beneficiary of its Beneficial interest in the Trust is not exempt under section 1145 of the Bankruptcy Code. Thus, any Beneficiary wishing to make such a transfer must consult its own securities counsel regarding the availability of a registration exemption, if any.

5.4. **Transferability.** The beneficial interest in the Trust shall be transferable. If a beneficial interest in the Trust is transferred, either voluntarily or involuntarily, the Liquidating Trustee shall be promptly provided with such information by Certified Mail as is sufficient to maintain the Registry required by section 5.2 of this Trust Agreement.

5.5. **Distribution to Beneficiaries.** Distributions to Beneficiaries shall be governed by Article VIII of the Plan.

5.6. **Warranty of Entitlement.** Each and every Beneficiary who receives a Distribution under this Trust warrants that: (a) such Beneficiary is authorized to accept the Distribution in consideration of his Allowed Equity Interest; and (b) there are no outstanding commitments, agreements, or understandings, expressed or implied, that may or can in any way defeat or modify the Equity Interest asserted by such Beneficiary under the Plan or the Beneficiary's right to receive the Distribution.

5.7. **Tax Identification Numbers.** The Liquidating Trustee may request, as a condition to receiving a Distribution, a Beneficiary to first provide the Liquidating Trustee with the Beneficiary's Federal Tax Identification number or social security number, as the case may be.

5.8. **Effect of Death, Incapacity, or Bankruptcy of Beneficiary.** The death, incapacity, or bankruptcy of a Beneficiary during the term of this Trust shall not terminate the Trust, affect the rights and obligations of any other Beneficiary, or entitle the Beneficiary's representatives or creditors to seek an accounting, Distribution or partition of the Trust Assets.

5.9. **Conflicting Claims.** If the Liquidating Trustee becomes aware of a disagreement or conflicting claims with respect to the Trust Assets, or if he in good faith is in doubt as to any action which should be taken under this Trust, he shall have the absolute right to do any or all of the following:

- (i) to the extent of the disagreement or conflict, withhold or stop all further performance under this Trust (save and except the safekeeping of the Trust Assets) until he is satisfied that the disagreement or conflict have been fully and finally resolved;
- (ii) file a suit in interpleader or in the nature of interpleader in the Bankruptcy Court;
- (iii) obtain an order requiring all Persons and parties involved to litigate in the Bankruptcy Court their respective claims arising out of or in connection with this Trust; or
- (iv) seek any other appropriate relief or instruction from the Bankruptcy Court.

ARTICLE VI MISCELLANEOUS

6.1. **Interpretation.** Whenever it appears appropriate from the context, each term stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section or clause contained in this Trust Agreement unless the context requires otherwise.

6.2. **Headings.** Each heading preceding an article, section or paragraph of this Trust Agreement is inserted for convenience only and shall not affect interpretation or construction of this Trust Agreement.

6.3. **Applicable Law.** The Trust created by this Trust Agreement shall be construed, regulated, and administered under the laws of the State of Texas and the United States of America.

6.4. **Forum for the Resolution of Disputes.** All controversies, disputes or other contested matters concerning the administration of the Trust, this Trust Agreement, and enforcement of the provisions set forth in this Trust Agreement shall be resolved and determined by the Bankruptcy Court, unless and to the extent that the Bankruptcy Court declines to exercise jurisdiction over same, in which case venue of any such controversy, dispute or other contested matter shall lie solely and exclusively in Dallas, Dallas County, Texas.

6.5. **Amendment of the Trust Agreement.** After the Effective Date, this Trust Agreement may only be amended or modified if: (a) a majority of the members of the Trust Oversight Committee authorizing such action; and (b) such amendment or modification is approved by the Bankruptcy Court.

6.6. **Conflict of Provisions.** In the event that any provision of this Trust Agreement conflicts with, or is in any way materially inconsistent with, the terms and conditions of the Plan, the terms and conditions of the Plan shall govern and control.

6.7. **Partial Invalidity.** If a provision of this Trust Agreement shall for any reason be held invalid or unenforceable by any court, governmental agency, or arbitrator of competent jurisdiction, such invalidity or unenforceability shall not affect the other provisions of this Trust Agreement, and this Trust Agreement shall be construed as if the invalid or unenforceable provision had never been part of the Trust Agreement.

6.8. **Entire Agreement.** This Trust Agreement (including the recitals) and the Plan constitute the entire agreement by and among the parties hereto, and there are no representations, warranties, covenants, or obligations, except as set forth in this Trust Agreement and the Plan. This Trust Agreement, together with the Plan, supersede all prior and contemporaneous agreements, understandings, negotiations, and discussions, written or oral, of the parties hereto relating to the subject matter hereof. Except as otherwise specifically provided in this Trust Agreement or in the Plan, nothing in this Trust Agreement is intended, nor shall be construed, to confer upon or give any Person other than the parties hereto and the Beneficiaries any rights or remedies under or by reason of this Trust Agreement.

6.9. **No Waiver.** The failure or delay on the part of the Liquidating Trustee to exercise any right or remedy conferred upon him pursuant to this Trust Agreement shall not affect such right or remedy, nor shall it constitute the Liquidating Trustee's waiver of such right or remedy. Similarly, the resort to one form of remedy by the Liquidating Trustee shall not constitute a waiver of any alternative remedies available to him under this Trust Agreement.

6.10. **Relationship Created.** The only relationship created by this Trust is the trustee-beneficiary relationship between the Liquidating Trustee and the Beneficiaries. Nothing in this Trust Agreement shall be construed to create any association, partnership, or joint venture between the Liquidating Trustee and the Beneficiaries, or their successors in interest.

6.11. **Counterparts.** This Trust Agreement may be executed in any number of counterparts and by the different parties in separate counterparts, each of which when executed

and delivered shall be an original document, but all of which counterparts shall together constitute one and the same instrument.

6.12. **Notices.** Unless and until otherwise directed in a writing served in accordance with this provision of the Trust Agreement, all notices, requests, consents, and other communications required or permitted by the terms of this Trust Agreement shall be in writing and shall be hand-delivered or delivered by U.S. first class mail, postage prepaid, to the pertinent party as follows:

if to the Liquidating Trustee:

Milo H. Segner, Jr.
1412 Main Street
Dallas, TX 75202

if to any Beneficiary:

to such address as such Beneficiary has previously furnished in writing to the Debtors, the Bankruptcy Court, or the Liquidating Trustee.

6.13. **Retained Jurisdiction.** As provided in the Plan, the Bankruptcy Court has retained jurisdiction over the Trust, this Trust Agreement, the Liquidating Trustee, and the Assets, including without limitation, the determination of all controversies and disputes arising under or in connection with the Trust and this Trust Agreement. As provided in the Plan, this jurisdiction shall be as broad and pervasive as would exist if the Liquidating Trustee were a trustee appointed under chapter 7 of the Bankruptcy Code, and the Assets were property of the Estates in such chapter 7 cases created under section 541 of the Bankruptcy Code.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the day and year first above written.

**MILO H. SEGNER, JR., Liquidating Trustee
of the PR Liquidating Trust**

Milo H. Segner, Jr.

**DENNIS L. ROOSSIEN, JR., Chapter 11
Trustee of Provident Royalties, LLC, Case
No. 09-33886; Provident Operating
Company, LLC, Case No. 09-33893;
Somerset Lease Holdings, Inc., Case No.
09-33892; Somerset Development, Inc.,
Case No. 09-33912; Provident Energy 1, LP,
Case No. 09-33888; Provident Resources 1,
LP, Case No. 09-33887; Provident Energy 2,
LP, Case No. 09-33894; Provident Energy 3,
LP, Case No. 09-33899; Shale Royalties II,
Inc., Case No. 09-33889; Shale Royalties 3,
LLC, Case No. 09-33891; Shale Royalties 4,
Inc., Case No. 09-33890; Shale Royalties 5,
Inc., Case No. 09-33895; Shale Royalties 6,
Inc., Case No. 09-33896; Shale Royalties 7,
Inc., Case No. 09-33898; Shale Royalties 8,
Inc., Case No. 09-33900; Shale Royalties 9, Inc.,
Case No. 09-33902; Shale Royalties 10, Inc.,
Case No. 09-33901; Shale Royalties 12, Inc.,
Case No. 09-33903; Shale Royalties 14, Inc.,
Case No. 09-33905; Shale Royalties 15, Inc.,
Case No. 09-33904; Shale Royalties 16, Inc.,
Case No. 09-33906; Shale Royalties 17, Inc.,
Case No. 09-33913; Shale Royalties 18, Inc.,
Case No. 09-33907; Shale Royalties 19, Inc.,
Case No. 09-33908; Shale Royalties 20, Inc.,
Case No. 09-33910; Shale Royalties 21,
Inc., Case No. 09-33909; Shale Royalties 22,
Inc., Case No. 09-33911.**

Dennis L. Roossien, Jr.