

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

IN RE:	§	
	§	
DAVIS PETROLEUM CORPORATION,	§	CASE NO. 06-20152
	§	
DAVIS OFFSHORE, L.P. and	§	CASE NO. 06-20153
	§	
DAVIS PETROLEUM PIPELINE LLC,	§	CASE NO. 06-20154
	§	
DEBTORS	§	JOINTLY ADMINISTERED
	§	UNDER CASE NO. 06-20152

**FINDINGS OF FACT, CONCLUSIONS OF LAW
AND ORDER PURSUANT TO 11 U.S.C. §§ 1125, 1126(b), 1129(a) AND (b)
AND FED.R.BANKR.P. 3016, 3017, 3018 AND 3020 APPROVING
DISCLOSURE STATEMENT AND
CONFIRMING JOINT PLAN OF REORGANIZATION**

On March 9, 2006 the Court considered for confirmation the Joint Plan of Davis Petroleum Corp. (“Davis Petroleum”), Davis Offshore, L.P. (“Davis Offshore”) and Davis Petroleum Pipeline LLC (“Davis Pipeline”) (the “Debtors”), under Chapter 11 of the Bankruptcy Code, as supplemented by the Purchase and Sale Agreement by and among Davis Petroleum Acquisition Corp. and Davis Offshore Partners LLC, as Buyers, and the Debtors, dated March 7, 2006 (the “PSA” or “Purchase and Sale Agreement”). This Court having considered the proffers of testimony of Albert Conley, Gregg Davis, and Puneet Gulati, the Affidavit of Rhett Campbell Tabulating Ballots, the evidence presented, any objection to Confirmation and replies thereto, and other pleadings related to the Plan, and having heard and considered all arguments, evidence, and testimony at the hearing on confirmation of the Plan, and on the basis of evidence presented,

the Court makes the following findings of fact and conclusions of law in accordance with Bankruptcy Rule 7052:¹

1. Jurisdiction; Venue; Core Proceeding (28 U.S.C. §§ 157(b)(2) and 1334(a)).

This Court has jurisdiction over the Debtors' Chapter 11 cases under 28 U.S.C. §§ 157 and 1334. Venue is proper under 28 U.S.C. §§ 1408 and 1409. Confirmation of the Plan, approval of the Disclosure Statement, and approval of the Solicitation Procedures are core proceedings under 28 U.S.C. §§ 157(b)(2)(A), (L), and (N), over which the Court has exclusive jurisdiction.

2. Judicial Notice. The Court takes judicial notice of the docket of these Chapter 11 cases maintained by the Clerk of the Court, including, without limitation, all pleadings and other documents filed, filed proofs of claim, and all evidence and argument made, proffered, or adduced at the hearing held before the Court.

3. Adequacy Of Disclosure Statement. The Disclosure Statement, together with the supplemental solicitation material, contains "adequate information," as such term is defined in sections 1125 and 1126(b) of the Bankruptcy Code.

4. Adequacy Of Solicitation. Prior to the Petition Date, votes for acceptance or rejection of the Plan were solicited from holders of Class 9 Interests in Davis Petroleum, Class 10 Interests in Davis Offshore, and Class 11 Interests in Davis Pipeline in good faith and in compliance with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, and all other applicable provisions of the Bankruptcy Code under the circumstances. All procedures used to distribute the Solicitation Packages to the appropriate holders of Interests entitled

¹ This Confirmation Order constitutes the Bankruptcy Court's findings of fact and conclusions of law under Rule 52 of the Federal Rules of Civil Procedure, which is made applicable by Bankruptcy Rules 9014 and 7052. Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact where appropriate.

to vote on the Plan and to tabulate Ballots were fair and were conducted in accordance with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and all other applicable rules, laws, and regulations.

5. Transmittal And Mailing Of Materials; Notice. The transmittal and service of the Disclosure Statement, the Plan, and the Solicitation Packages was adequate and sufficient under the circumstances. Adequate and sufficient notice of the Confirmation Hearing and time to object to the adequacy of the Disclosure Statement and confirmation of the Plan was given under the circumstances and no other or further notice is or shall be required. Moreover, for the reasons stated on the record, the Debtors' filings to date are sufficient and the Court finds that cause exists to excuse the Debtors from any of the requirements of section 341 of the Bankruptcy Code to appear at a meeting of creditors, or the requirements of section 521 of the Bankruptcy Code and Rule 1007 of the Federal Rules of Bankruptcy Procedure that the Debtors file a Schedule of Assets and Liabilities and a Statement of Financial Affairs. The expedited Chapter 11 procedures embodied in the Solicitation Procedures and the Confirmation Motion are appropriate under the circumstances.

6. Impaired Classes That Have Voted To Accept The Plan. As set forth in the Plan, Class 9 Interests in Davis Petroleum, Class 10 Interests in Davis Offshore and Class 11 Interests in Davis Pipeline are impaired; and, as set forth in the Tabulation Affidavit, such holders of Interests as classes designated under the Plan, have voted to accept the Plan for all purposes pursuant to the requirements of sections 1124 and 1126 of the Bankruptcy Code.

7. Burden Of Proof. The Debtors, as proponents of the Plan, have met their burden of proving the elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of the evidence.

8. Classes Deemed To Have Accepted The Plan. Classes 1 (Administrative Claims), 2 (Bank Claims), 3 (Sankaty Claims), 4 (Other Secured Claims), 5 (Priority Tax Claims), 6 (Other Priority Claims), 7 (General Unsecured Claims), and 8 (Intercompany Claims) are not impaired under the Plan and are deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code. Such Classes shall be treated as unimpaired within the fullest meaning of section 1124 of the Bankruptcy Code. The Court has not required the Debtors to provide notice of the Confirmation Hearing to holders of unimpaired claims or interests.

9. Class Deemed to Have Rejected The Plan. No classes are deemed to have rejected the Plan.

10. Plan Compliance With Bankruptcy Code (11 U.S.C. § 1129(a)(1)). The Plan complies with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

(a) **Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)).** The Plan designates eleven Classes of Claims and Interests. The Claims and Interests placed in each Class are substantially similar to other Claims and Interests, as the case may be, in each such Class. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan, and such Classes do not unfairly discriminate among holders of Claims and Interests. Thus, the Plan satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

(b) **Specify Unimpaired Classes (11 U.S.C. § 1123(a)(2)).** Article II of the Plan specifies that Classes 1 through 8 are unimpaired under the Plan, thereby satisfying section 1123(a)(2) of the Bankruptcy Code.

(c) **Specify Treatment Of Impaired Classes (11 U.S.C. § 1123(a)(3)).** Article II of the Plan designates Classes 9, 10 and 11 as impaired and specifies the treatment of Interests in these Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code.

(d) **No Discrimination (11 U.S.C. § 1123(a)(4)).** The Plan provides for the same treatment by the Debtors for each Claim or Interest in each respective Class unless the holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

(e) **Implementation Of Plan (11 U.S.C. § 1123(a)(5)).** The Plan provides adequate and proper means for its implementation, thereby satisfying section 1123(a)(5) of the Bankruptcy Code.

(f) **Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)).** Article III.B of the Plan provides that the certificate of incorporation or other organizational documents of each Reorganized Debtor will be amended as of the Effective Date to the extent necessary to satisfy section 1123(a)(6) of the Bankruptcy Code.

(g) **Selection Of Officers And Directors (11 U.S.C. § 1123(a)(7)).** At or prior to the Confirmation Hearing, the Debtors' properly and adequately disclosed or otherwise identified all individuals proposed to serve on or after the Effective Date as an officer or director of each Reorganized Debtor, and the manner of selection and appointment of such officers and directors is consistent with the interests of Claim and Interest holders and with public policy and, accordingly, satisfies the requirements of section 1123(a)(7) of the Bankruptcy Code.

(h) **Additional Plan Provisions (11 U.S.C. § 1123(b)).** The Plan's provisions are appropriate and not inconsistent with the applicable provisions of the Bankruptcy Code.

11. Releases. Pursuant to Section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a), the limited mutual releases, discharges, exculpations, and injunctions set forth in the Plan shall be, and hereby are, approved as fair, equitable, reasonable, and in the best interests of the Debtors, the Reorganized Debtors, and their Estates, creditors, and equity holders. The failure to effect the discharge, release, exculpatory and injunctive provisions of the Plan would seriously impair the Debtors' ability to confirm the Plan.

12. Compliance With Bankruptcy Rule 3016. The Plan is dated and identifies the entities submitting it, thereby satisfying Bankruptcy Rule 3016(a). The filing of the Disclosure Statement with the Court satisfies Bankruptcy Rule 3016(b).

13. Compliance With Bankruptcy Rule 3017. The Debtors have given notice of the Confirmation Hearing as required by Bankruptcy Rule 3017, as shortened pursuant to Bankruptcy Rule 9006(c)(1). The Solicitation Packages were transmitted to the holders of Class 9 Interests in Davis Petroleum, Class 10 Interests in Davis Offshore and Class 11 Interests in Davis Pipeline pursuant to Bankruptcy Rule 3017(e), as shortened by this Court pursuant to Bankruptcy Rule 9006(c)(1).

14. Compliance With Bankruptcy Rule 3018. The Solicitation of votes to accept or reject the Plan satisfies Bankruptcy Rule 3018. The Plan was transmitted to all interests entitled to vote on the Plan, sufficient time under the Debtors' exigent circumstances was prescribed for such interest holders to accept or reject the Plan, and the Solicitation Packages and Solicitation

Procedures comply with section 1126 of the Bankruptcy Code, thereby satisfying the requirements of Bankruptcy Rule 3018.

15. Debtors' Compliance With Bankruptcy Code (11 U.S.C. § 1129(a)(2)). The Debtors have complied with all provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules.

16. Plan Proposed In Good Faith (11 U.S.C. § 1129(a)(3)). The Debtors have proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. In determining that the Plan has been proposed in good faith, the Court has examined the totality of the circumstances of record surrounding the formulation of the Plan. The Debtors filed their Chapter 11 cases and proposed the Plan with legitimate and honest purposes including, among other things, (i) the reorganization of the Debtors' businesses and (ii) the preservation of the going concern value of the Debtors' businesses and maximization of value to creditors and interest holders.

17. Payments For Services Or Costs And Expenses (11 U.S.C. § 1129(a)(4)). All payments made or to be made by the Debtors or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 cases, or in connection with the Plan and incident to the Chapter 11 cases, have been approved by, or are subject to the approval of, the Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

18. Directors, Officers, And Insiders (11 U.S.C. § 1129(a)(5)). The Debtors have complied with section 1129(a)(5) of the Bankruptcy Code. The identity of the individuals who will hold the director and officer positions with the Reorganized Debtors after confirmation of the Plan has been fully disclosed. Such individuals' appointment to such offices is consistent

with the interests of holders of Claims against and Interests in the Debtors and with public policy. Additionally, the Debtors identified the identity and compensation of any insiders expected to be employed or retained by the Reorganized Debtors after the Effective Date.

19. No Rate Changes (11 U.S.C. § 1129(a)(6)). The Debtors' Plan does not provide for any rate change that requires regulatory approval. Section 1129(a)(6) of the Bankruptcy Code is thus not applicable.

20. Best Interests Of Creditors (11 U.S.C. § 1129(a)(7)). The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The liquidation analysis attached as Exhibit 4 to the Disclosure Statement and other evidence proffered or adduced at the Confirmation Hearing (a) are persuasive and credible, (b) have not been controverted by other evidence, and (c) establish that each holder of an impaired Claim or Interest either has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on such date.

21. Acceptance Or Rejection By Certain Classes (11 U.S.C. § 1129(a)(8)). Classes 1, 2, 3, 4, 5, 6, 7 and 8 are Classes of unimpaired Claims and Interests that are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Classes 9, 10 and 11 have voted to accept the Plan in accordance with sections 1126(c) and (d) of the Bankruptcy Code. As set forth in the Tabulation Affidavit of Rhett G. Campbell, 91.8% in amount of those holders of Class 9 Interests in Davis Petroleum, 100% in amount of those holders of Class 10 Interests in Davis Offshore, and 91.8% in amount of those holders of Class 11 Interests in Davis Pipeline voting on the Plan voted to accept the Plan. No other Classes of Claims or Interests were entitled to vote on the Plan. Section 1129(b) of the Bankruptcy Code is

inapplicable in these Chapter 11 cases because all of the requirements of section 1129(a) of the Bankruptcy Code have been satisfied.

22. Treatment Of Administrative And Priority Claims (11 U.S.C. § 1129(a)(9)).

The treatment of Administrative Claims, Priority Tax Claims, and Other Priority Claims pursuant to Article II of the Plan satisfies the requirements of sections 1129(a)(9)(A), (B), and (C) of the Bankruptcy Code.

23. Feasibility (11 U.S.C. § 1129(a)(11)). The projections set forth in the Disclosure Statement and other evidence proffered or adduced by the Debtors at the Confirmation Hearing or in support of confirmation of the Plan with respect to feasibility, including the testimony of Albert Conly and Puneet Gulati, (a) are persuasive and credible, (b) have not been controverted by other evidence, and (c) establish that confirmation of the Plan is not likely to be followed by the need for further financial reorganization of the Reorganized Debtors, thus satisfying the requirements of section 1129(a)(11) of the Bankruptcy Code.

24. Payment Of Fees (11 U.S.C. § 1129(a)(12)). All fees payable under section 1930 of Title 28, United States Code, as determined by the Court, have been paid or will be paid on the Effective Date pursuant to Article XI of the Plan, thus satisfying the requirements of section 1129(a)(12) of the Bankruptcy Code.

25. Retiree Benefits (11 U.S.C. § 1129(a)(13)). The Debtors do not have any existing retiree benefit programs maintained for the benefit of the Debtors' employees. The Debtors, therefore are not rejecting any retiree benefits within the meaning of 11 U.S.C. § 1114 upon the Effective Date. Thus, the requirements of section 1129(a)(13) of the Bankruptcy Code are satisfied.

26. Principal Purpose (11 U.S.C. § 1129(d)). The principal purpose of the Plan is neither the avoidance of taxes nor the avoidance of Section 5 of the Securities Act of 1933, and no party has objected to the confirmation of the Plan on any such grounds. The Plan therefore satisfies the requirements of section 1129(d) of the Bankruptcy Code.

27. Good Faith Solicitation (11 U.S.C. § 1125(e)). Based on the record before the Court in these Chapter 11 cases, the Debtors and their directors, officers, employees, equity holders, members, agents, advisors, accountants, financial advisors, consultants, attorneys, and other representatives have acted in good faith within the meaning of section 1125(e) of the Bankruptcy Code and in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules in connection with all of their respective activities relating to the solicitation of acceptances of the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation and injunctive provisions in the Plan, including those provisions set forth in Article X of the Plan. The Plan and the Purchase and Sale Agreement were negotiated in good faith and at arm's length between the Debtors and the Buyer Parties. The terms of the Plan and Purchase and Sale Agreement are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration. The Plan and the Purchase and Sale Agreement are in the best interest of the Debtors and their creditors and interest holders, as the implementation and effectuation of the Plan and the Purchase and Sale Agreement will, among other things, permit the Debtors to successfully reorganize and maximize value for all creditors and interest holders.

28. Satisfaction Of Confirmation Requirements. The Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code.

29. Retention Of Jurisdiction. The Court may properly retain jurisdiction over the matters set forth in Article IX of the Plan and section 1142 of the Bankruptcy Code.

30. Releases, Injunctions, Exculpation, And Limitation Of Liability. The Court has jurisdiction under sections 1334(a) and (b) of Title 28 of the U.S. Code to approve the injunctions and related matters set forth in the relevant articles in the Plan, including Article X.

31. Reorganized Debtors Not Liable For Pre-Effective Date Claims. Except to the extent expressly assumed under the Plan, the Reorganized Debtors, the Buyer Parties, and Evercore Capital Partners II LP shall not be liable as a successor or otherwise for any claim or cause of action arising prior to the Effective Date of the Plan.

32. Waiver Of Stays Under Bankruptcy Rules. Under the circumstances, it is appropriate that the ten-day stay imposed by Bankruptcy Rules 3020(e), 6004(h), and 6006(d) are waived.

33. Assumption and Rejection of Executory Contracts and Unexpired Leases. Article V of the Plan governing the treatment of executory contracts and unexpired leases satisfies the requirements of section 365(b) of the Bankruptcy Code and all applicable Bankruptcy Rules. The Debtors' decisions regarding the assumption and rejection of executory contracts and unexpired leases are based on and are within the sound business judgment of the Debtors, are necessary to the implementation of the Plan, and are in the best interests of the Debtors, their estates, holders of Claims and Interests, and other parties in interest in these Chapter 11 Cases. The Debtors have provided adequate notice to all parties to executory contracts and unexpired leases to be assumed or rejected pursuant to the Plan of the Debtors' proposed rejection or as-

sumption of such contracts. The Debtors have also provided adequate notice of the proposed cure procedures for any executory contracts or unexpired leases being assumed under the Pre-packaged Plan for which a monetary default exists. No other or further notice is or shall be required.

IT IS HEREBY ORDERED AS FOLLOWS:

1. Undefined terms herein shall have the meaning ascribed to them in the Plan and the Purchase and Sale Agreement.
2. The Disclosure Statement Relating to the Joint Prepackaged Plan of Reorganization of Davis Petroleum Corporation, Davis Offshore, L.P., and Davis Petroleum Pipeline LLC ("Plan") is hereby approved as containing adequate information as contemplated by Section 1125 of the Bankruptcy Code.
3. Votes for acceptance or rejection of the Plan were solicited in good faith and notice of the hearings on the Disclosure Statement and Plan were sufficient under the circumstances of this case.
4. Any objections to the Disclosure Statement and Plan are hereby overruled.
5. The Plan is approved and confirmed under Section 1129 of the Bankruptcy Code, and the record of the confirmation hearing is hereby closed. The terms of the Plan are incorporated by reference into and are an integral part of this Confirmation Order. The Effective Date of the Plan shall occur on the date when the conditions set forth in Article VII.B of the Plan shall have been satisfied or, if applicable, shall have been waived in accordance with Article VII.C of the Plan.
6. Except as otherwise expressly provided in the Plan, the Reorganized Debtors shall,

on the Effective Date of the Plan, be vested with all property of the Debtors' estates in accordance with Section 1141 of the Bankruptcy Code, free and clear of all claims, liens, encumbrances of any kind or nature at any time arising or created (whether in respect of any action, omission, liability or obligation of the Debtors or otherwise) before the Effective Date of the Plan.

7. Except as otherwise provided in the Prepackaged Plan or this Order, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation, under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable state law. On the Effective Date, the outstanding equity, membership interests and/or partnership interests of each Debtor shall be cancelled and the New Interests in each Reorganized Debtor shall be issued to Buyer in exchange for the payment of the Purchase Price. On the Effective Date of the Plan, the Reorganized Debtors shall be fully empowered to operate their businesses and to manage and dispose of their property pursuant to the Plan, without further notice or involvement of this Court, subject to the terms of the Plan, this Order and any other agreement that becomes binding in connection with the consummation of the Plan. On and after the Effective Date, the Reorganized Debtors, their assets and operations shall be released from the custody and jurisdiction of the Bankruptcy Court except for those matters as to which the Bankruptcy Court specifically retains jurisdiction under the Plan or this Order; provided, however, that the Debtors, the Liquidating Trust and all Cash and other property to be distributed pursuant to the Plan will remain subject to the jurisdiction and custody of the Bankruptcy Court until all distributions have been made and a final decree has been entered closing these Chapter 11 Cases.

8. In accordance with section 1141 of the Bankruptcy Code and immediately upon entry of the Confirmation Order, the Plan and its provisions shall be binding upon the Debtors, the Reorganized Debtors, the Liquidating Trustee, any entity acquiring or receiving property or a distribution under the Plan, and any holder of a Claim against or Interest in the Debtors, including all governmental entities, any party to an executory contract or unexpired lease of a Debtor and each of the foregoing's respective heirs, successors, assigns, trustees, executors, administrators, affiliates, officers, directors, agents, representatives, attorneys, beneficiaries, or guardians, if any, whether or not the Claim or Interest of such holder is impaired under the Plan and whether or not such holder or entity has accepted the Plan. All settlements, compromises, releases, discharges, exculpations and injunctions set forth in the Plan, including but not limited to the Mutual Releases, shall be, and hereby are, effective and binding on all Persons who may have had standing to assert such settled, released, discharged, exculpated, or enjoined Causes of Action and no other Person or entity shall possess such standing to assert such Causes of Action after the Effective Date.

9. The injunction, release, exculpation and indemnification provisions set forth in the Plan are hereby approved in their entirety and given full effect as of the Effective Date of the Plan. On the Effective Date, except for Causes of Action arising under the Purchase and Sale Agreement or the Plan, and in consideration of the Purchase Price and the transactions set forth in the Purchase and Sale Agreement, (i) each of the Buyer Parties shall be deemed to forever waive, release, and discharge any and all Causes of Action against a Debtor Party that is based, whether in whole or in part, upon any act, omission, event, condition, or thing in existence or that occurred, whether in whole or in part, prior to the Effective Date of the Plan and (ii) each Debtor Party shall be deemed to forever waive, release, and discharge any and all Causes of Action

against all Buyer Parties that is based, whether in whole or in part, upon any act, omission, event, condition, or thing in existence or that occurred, whether in whole or in part, prior to the Effective Date of the Plan.

10. None of the Debtors, the Debtors' directors, officers, employees, equity holders, members, agents, advisors, accountants, financial advisors, consultants, attorneys, and other representatives shall have or incur any liability to any holder of a claim or equity interest that arose before the Effective Date of the Plan for any act, event, or omission in connection with, or arising out of, these Chapter 11 Cases, or in connection with the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, and shall be entitled to the rights, benefits and protections of Section 1125(e) of the Bankruptcy Code.

11. This Order and the Plan, as confirmed, shall operate to satisfy and discharge all claims (as defined in Section 101 of the Bankruptcy Code) against the Debtors in exchange for payment in accordance with the Plan, to wit: (i) payment of the allowed amount of such claims from the proceeds of the transactions contemplated by the Purchase and Sale Agreement by and among Davis Petroleum Acquisition Corp. and Davis Offshore Partners LLC, as Buyers, and the Debtors, dated as of March 7, 2006, or (ii) such other treatment that is acceptable to the Buyers and agreed to by the Debtors and a holder of an allowed claim.

12. Each of the terms of the Purchase and Sale Agreement is approved in every respect and is deemed incorporated into the Plan as if fully set forth therein. Except as expressly provided for in the Plan, on the Effective Date, the Reorganized Debtors shall issue and transfer the New Interests to the Buyer Parties, and such New Interests shall be free and clear of all Claims and Interests of any kind or nature whatsoever, and all such Claims or Interests of any

kind or nature whatsoever shall attach to the net proceeds paid pursuant to the Purchase and Sale Agreement in the order of their priority, with the same validity, force and effect which they now have as against the Debtors or the Debtors' assets, as the case may be. Except as expressly provided for in the Plan, neither the Reorganized Debtors nor the Buyer Parties shall have any liability or responsibility for any liability or other obligation of the Debtors. Without limiting the generality of the foregoing, and except as otherwise expressly provided for in the Plan, the Reorganized Debtors and the Buyer Parties shall not be liable for any Claims against the Debtors or their estates or any of their predecessors or affiliates, and the Reorganized Debtors and the Buyer Parties shall have no successor or vicarious liabilities of any kind or character including but not limited to any theory of antitrust, environmental, successor or transferee liability, labor law, de facto merger, or substantial continuity, whether known or unknown as of the Effective Date, now existing or hereafter arising, whether fixed or contingent, with respect to the Debtors or any obligations of the Debtors arising prior to the Effective Date. The consideration paid by the Buyer Parties shall constitute valid and valuable consideration for the releases of any potential Claims of successor liability of the Reorganized Debtors and/or the Buyer Parties, releases which the Bankruptcy Court holds shall be deemed to have been given in favor of the Reorganized Debtors and the Buyer Parties by all holders of Claims against and Interests in the Debtors and their assets.

13. On the Effective Date of the Plan, all Persons that have held, currently hold or may hold a claim or other debt or liability, whether or not a judgment has been entered with respect to such claim or other debt or liability, that arose prior to the Effective Date of the Plan that is discharged, released or canceled pursuant to the terms of the Plan and this Order are, except as expressly set forth in the Plan or by this and further Orders of this Court, permanently enjoined

from taking any of the following actions on account of any such discharged claims or other debts or liabilities that arose before the Effective Date against or affecting (i) the Debtors, (ii) the Reorganized Debtors, (iii) the Buyer Parties, (iv) the Affiliates (as defined in section 1.1 of the PSA) and representatives of the foregoing parties, (v) any other direct or indirect successor in interest to the foregoing parties, (vi) any of their respective property, (vii) any direct or indirect transferee of any such property or (viii) the Liquidating Trust or the Liquidating Trustee.

- (a) Commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or judicial or non-judicial proceeding;
- (b) Enforcing, attaching, collecting or recovering in any manner, directly or indirectly, any judgment, award, decree or order;
- (c) Creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance;
- (d) Asserting a setoff, right of subrogation or recoupment right of any kind, directly or indirectly; and
- (e) Commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

14. All injunctions or stays: (a) ordered or imposed in this Chapter 11 Case pursuant to Sections 105(a) and 362(a) of the Bankruptcy Code or otherwise, and (b) in existence on the Effective Date, shall, except as otherwise provided in this Order, remain in full force and effect until the Effective Date.

15. Each of the Debtors and/or Reorganized Debtors, as the case may be, is authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agree-

ments or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the New Interests to be issued pursuant to the Plan. The Debtors and the Reorganized Debtors and their respective directors, officers, members, agents, and attorneys, are authorized and empowered to issue, execute, deliver, file, or record any agreement, document, or security, including, without limitation, any documents contained in the Plan, including without limitation, the Purchase and Sale Agreement, as modified, amended, and supplemented, and any release, amendment, or restatement of any bylaws, certificates of incorporation, or other organization documents of the Debtors or Reorganized Debtors, whether or not specifically referred to in the Plan, without further order of the Court. Any or all such documents shall be accepted by each of the respective state filing offices and recorded in accordance with applicable state law and shall become effective in accordance with their terms and the provisions of state law. In addition, the Debtors and/or Reorganized Debtors, as the case may be, shall also be authorized and empowered, without further order of this Court, to take any action necessary or appropriate to implement, effectuate, and consummate the Plan in accordance with its terms, or take any or all corporate actions authorized to be taken pursuant to the Plan. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or any other governmental authority (including, without limitation, approvals by the directors, shareholders and members, as applicable, of the Reorganized Debtors) with respect to the implementation or consummation of the Plan and any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in or contemplated by the Plan, the Disclosure Statement, the Purchase and Sale Agreement and any documents, instruments, or agreements, and any amendments or modifications thereto.

16. Based upon the record of these Chapter 11 Cases, the issuance of the New Interests, and all instruments, certificates and other documents related thereto, required to be issued under the Plan are hereby authorized without further act or action under applicable law, regulation, order, or rule and the New Interests issued under the Plan will, upon issuance be fully paid and nonassessable. The offering, issuance, and distribution of the New Interests under the Plan is exempt from the provisions of Section 5 of the Securities Act of 1933, as amended, and any state or local law requiring registration for the offer, issuance, distribution, or sale of a security by reason of section 1145(a) of the Bankruptcy Code. The New Interests will be freely tradable by the recipients thereof subject only to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in Section 2(11) of the Securities Act of 1933, as amended, and compliance with any applicable rules and regulations of the Securities Exchange Commission.

17. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of promissory notes, equity securities, or other instruments under the Plan, the creation of any mortgage, deed of trust, or other security interest; the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan will not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall be, and hereby are, directed to forego the collection of any such tax or governmental assessment and to accept for filing and recordation

any of the foregoing instruments or other documents without payment of any such tax or governmental assessment.

18. The Court shall retain exclusive jurisdiction over all matters provided for in Article IX of the Plan or any agreement, order or stipulation entered in connection with these Chapter 11 Cases, and with respect to the enforcement and interpretation of the provisions of the Plan and this Order.

19. The ten-day stays contained in Fed. R. Bankr. P. 3020(e), 6004(h) and 6006(d) are hereby waived.

20. The assumption by Davis Petroleum Corporation and Davis Offshore LP of their OCS leases does not effect their statutory, regulatory and contractual plugging and abandonment obligations on that lease.

21. All executory contracts, other than those described on Exhibit 17 of the Debtors' confirmation exhibits, are assumed. Debtors shall provide notice of this Order to counterparties of executory contracts. Counterparties to executory contracts shall have 45 days from the date of such notice in which to file claims for cure damages, if assumed, or rejection damages, if rejected, under 11 U.S.C. § 365(b)(1) or 11 U.S.C. § 502(g)(1), as appropriate. Cure and rejection damages shall be paid by the Liquidating Trust in accordance with the Plan. Debtors' assumption and assignment to the Liquidating Trust of all insurance policies, including, but not limited to, Directors and Officers indemnity policies, and the proceeds thereof, in which Debtors hold an interest prior to the Effective Date is hereby approved.

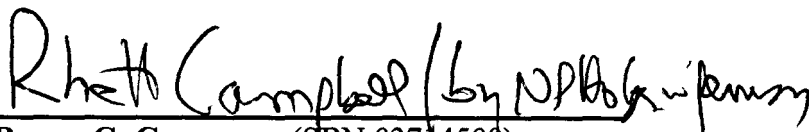
22. In accordance with 11 U.S.C. § 341(e), the United States Trustee shall not convene a meeting of creditors or equity security holders.

23. Albert Conly of FTI Consulting Group, Inc. is appointed Liquidating Trustee.

DATED: March 10, 2006


UNITED STATES BANKRUPTCY JUDGE

**APPROVED AS TO FORM AND SUBSTANCE
AND ENTRY REQUESTED:**

Handwritten signature of Rhett Campbell in black ink, written over a horizontal line. The signature is cursive and includes the name 'Rhett Campbell' followed by '(By NPB)'. There is a small mark at the end of the signature that looks like a flourish or a checkmark.

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Davis Petroleum Corporation,

Davis Offshore, L.P., and

Davis Petroleum Pipeline LLC

EXHIBIT A

JOINT PLAN OF REORGANIZATION OF DAVIS PETROLEUM CORP., DAVIS OFFSHORE, L.P., AND DAVIS PETROLEUM PIPELINE, L.L.C.

**See Court Docket # 18
(Attachments: # 1 Plan part 2)**