

EXHIBIT B

**SALE AND CONVEYANCE OF ESTATE'S RIGHTS, SETTLEMENT AND
MUTUAL RELEASE**

**ACTUAL SALES AGREEMENT BETWEEN THE BANKRUPTCY ESTATE AND
SEASHORE**

**SALE AND CONVEYANCE OF ESTATES' RIGHTS, SETTLEMENT AND MUTUAL
RELEASE**

This Sale and Conveyance of Rights, Settlement and Mutual Release and (the "Sale Agreement"), pursuant to 11 U.S.C. §363, is entered into by and between Seashore Investments Management Trust, by and through its trustee, Toby Shor; 2004 GRAT, by and through its trustee, Toby Shor; as well as Toby Shor individually (collectively, "Seashore"); and the Chapter 7 bankruptcy estates of BNP Petroleum Corporation ("BNP Petroleum") and BNP Oil & Gas Properties, Ltd. ("BNP Oil & Gas" and collectively with BNP Petroleum, the "Debtors"), by and through Michael B. Schmidt (the "Trustee"), in his capacity as the duly appointed Chapter 7 Trustee of the Debtors. Seashore, the Debtors, and the Trustee may be referred to herein as the "Parties." This Sale Agreement is subject to final approval by the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (the "Bankruptcy Court"), as set forth in paragraph 8 below.

WHEREAS, BNP Petroleum consented to the entry of an order for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the Bankruptcy Court and such order was entered on August 7, 2009 (Case No. 09-20206), and BNP Oil & Gas filed a petition for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court on September 22, 2009 (Case No. 09-20612);

WHEREAS, pursuant to an Order of the Bankruptcy Court dated October 13, 2010, the Debtors' cases were converted to cases pending under Chapter 7 of the Bankruptcy Code and the Trustee was thereafter duly appointed by the Bankruptcy Court as the Chapter 7 trustee of the Debtors' estates;

WHEREAS the Debtors filed their statements and schedules in the Debtors' cases, both as chapter 11 and chapter 7 debtors, and certain amendments thereto ("Statements and Schedules");

WHEREAS, Seashore has filed proof of claims against both the Debtors' chapter 11 and chapter 7 estates (the chapter 7 claims in Case No. 09-20206, Claim No. 165-2; Case No. 09-20612, Claim No. 10-4);

WHEREAS, on June 1, 2010, the Trustee, in his capacity as the former Litigation Trustee appointed in the Debtors' cases, commenced an action (the "Adversary Suit") against Seashore, Paul Black, a number of entities controlled by Paul Black, and associates and family members of Paul Black, among others. (Adv. Proc. No. 10-02022, Doc. No. 1). The Trustee thereafter amended the initial complaint, and on January 18, 2011, the Trustee filed the Third Amended Complaint for Avoidance of Fraudulent Transfers, For Turnover of Property of the Estates, Breach of Fiduciary Duty, Aiding and Abetting, Conversion and for Monetary Damages (the "Third Amended Complaint") (Adv. Proc. No. 10-02022, Doc. No. 94);

WHEREAS, on May 13, 2011, Seashore filed its Answer, Affirmative Defenses, Counterclaim and Demand for Jury Trial in response to the Third Amended Complaint (Adv. Proc. No. 10-02022, Doc. No. 105);

WHEREAS, Seashore filed and withdrew objections to the First Interim Fee Application to Allow Attorney Fees of the Schmidt Law Firm and the Lee Firm (Doc. Nos. 1146, 1165) (the "Withdrawn Fee Objections");

WHEREAS, Seashore and the Trustee have each filed certain other motions, objections and other pleadings directed towards each other in the Adversary Suit that remain pending (collectively, the "Pending Pleadings");

WHEREAS, the Debtors currently hold claims against the Black Entities (defined below);

WHEREAS, Seashore holds an arbitration award and Judgment against Paul Black and certain of the Black Entities (defined below) for approximately \$30 million; and is seeking to collect on such award and Judgment;

WHEREAS, the Trustee seeks to sell and convey all claims and causes of action now held against the Black Entities, whether part of the Adversary Suit, any other adversary action or not yet raised by the Trustee or raised by the Debtors' estates;

WHEREAS, the Trustee and Seashore have engaged in arms' length negotiations over the sale and conveyance of the Black Entity Claims (as defined below) and Seashore has offered, in good faith, to acquire the Black Entity Claims as a good faith buyer;

WHEREAS, Seashore has make a good faith offer to buy, and the Trustee to sell, all of the Black Entity Claims, and such offer is the highest and best offer to either sell or resolve such claims of the Debtors' estates;

WHEREAS, the Parties additionally seek to, as part of this sale, resolve their disputes and to avoid the uncertainties and expense of litigation, preferring instead to resolve their differences by entering into this Sale Agreement and agreeing as set forth below; and

WHEREAS, the Trustee has entered into a settlement agreement with Paul Black, subject to approval of the Bankruptcy Court. The Trustee believes that this Sale Agreement provides higher and better value to the Debtors' estates through the sale and conveyance of any such claims that settlement of same with Paul Black.

NOW, THEREFORE in consideration of the recitals set forth above, the mutual promises made herein, the terms and conditions hereunder described, and other valuable consideration, the adequacy of which is not in dispute, the parties agree as follows:

1. Cash Payment by Seashore for Conveyance of the Black Entity Claims and Mutual Release. On or before fifteen (15) days after the entry of an order approving this Sale Agreement by the Bankruptcy Court (the "Sale Approval Order"), Seashore shall pay the cash sum of \$216,000 to the Trustee (the "Cash Payment"). If a timely appeal is filed to the Sale Approval Order, the Cash Payment shall be placed by the Trustee into the Trustee's counsel trust

account, pending a final determination of any appeal. Following such final determination, the Cash Payment will be distributed to the Trustee on behalf of the Debtors' estates provided all appeals are denied. If any appeal affects, in any way, the terms of this Sale Agreement, the Cash Payment will be returned to Seashore and the Sale Agreement shall, upon either parties' election, be withdrawn.

2. Conveyance of the Black Entity Claims to Seashore and Sharing of Certain Recoveries by Seashore from the Black Entity Claims. Following the sale and conveyance by the Trustee of the Black Entity Claims to Seashore, as provided below, Seashore shall unconditionally pay to, transfer to, and distribute to the Trustee within ten (10) days of any recovery, a share of any recoveries from the Black Entities (defined below) that are actually received by Seashore (only net of contingent legal fees), as follows (the "Trustee Distribution"):

- a. 50% of the first \$500,000 actually recovered; and
- b. 10% of all other amounts actually recovered.

Provided, however, that the maximum amount to be paid to the Trustee by Seashore pursuant to this Sale Agreement is \$1,750,000 (which amount shall include the Cash Payment and all amounts described in this section) (collectively, the "Maximum Distribution"). Trustee shall have at all reasonable times the right to inspect, account, receive accounting from, and copy any books, records or other non-privileged documents of Seashore, its attorneys and accountants which relate to any collections and/or any recoveries against the Black Entities. Any claims and causes of action transferred in accordance with this Sale Agreement to Seashore or its designee shall be made expressly subject to this sharing provision. Any transfers by Seashore (other than reasonable contingent fee arrangements) related to claims against the Black Entities, shall not relieve Seashore from the responsibility and liability created hereunder to pay to the Trustee his share of the actual recoveries as provided herein, unless and until such time as the Trustee receives the Maximum Distribution.

3. Conveyance of the Black Entity Claims and Causes of Action by the Trustee to Seashore. The Trustee shall, on the fifteenth (15th) day following the entry of the Sale Approval Order, unconditionally convey, transfer and assign (and provide all documents or pleadings necessary thereafter) to Seashore or its designee, for the sole benefit of Seashore, all claims, demands, actions, and causes of action of the Debtors' estates (the "Black Entity Claims"), whether or not previously asserted by the Debtors, against (the persons and entities on the following list being the "Black Entities"):

- a. Paul Black;
- b. All of the non-Seashore defendants named in the Third Amended Complaint, which are: Paul Black; Land & Bay Gauging, LLC; SGW Interests, LLC; BNP Operating, LLC; 5302 Mandell Property, LP; BNP Commercial Properties, LLC; HBP Ltd.; HBP Partners, Ltd.; BNP Networks, LLC; 500 N. Water, LLC; 5262 Staples, LLC; James Black, III; James Black, IV; Wendy Bennett; Kenton McDonald; BNP Holdings, Ltd; BNP Commercial Properties, Ltd; PBF

Investments, Ltd.; Pagenergy Company LLC; TSE Equities I, LLC; TSE Equities Company, Ltd.; and BNP Management, LLC.

- c. All entities owned by, affiliated with, or with a beneficiary of Paul Black, including but not limited to any partnerships, corporations, trusts or other entities of any form;
- d. All relatives of Paul Black, including without limitation, James Black, III; James Black, IV; and Wendy Bennett; and
- e. Walter Oblach, Gampier Oblach and any family members of Walter Oblach and any entities owned or controlled by such individuals.

For purposes of clarity, Modena Resources, Ltd. and Blackgate Resources, LLC and any other person or entity now named or to be named (provided that such person or entity is not one of the Black Entities identified above) in the Modena Adversary Case (as defined below) (together, "Modena"), are not part of this Sale Agreement and this Sale Agreement shall not have an effect upon any recovery of the Trustee against Modena in the Modena Adversary Case (other than the allowance of the Seashore claims as against the Debtors' estates and the right to participate as provided under the Bankruptcy Code). The Trustee and the Debtors' estates retains any and all rights to recover claims against such entities as now asserted or hereafter asserted in the pending Bankruptcy Court adversary case number 11-02014 (the "Modena Adversary Case"). The Trustee shall be free to pursue, settle or resolve the Modena Adversary Case at the Trustee's sole discretion (subject to Federal Rule of Bankruptcy Procedure 9019) without any right of Seashore to abridge such rights in any way. The Trustee agrees to amend his Complaint in the Modena Adversary Case to make it clear that any recovery and relief sought or obtained as a result of the sale of oil and gas assets is for the benefit of the BNP Oil & Gas estate. Such designation is based upon representations made in the Statements and Schedules, the representations made by the Debtors in open court and in pleadings, representations in the Examiner's Report in the Debtors' cases¹ and the representations of Seashore based on the information provided to it as a holder of partnership interests in the entity which owns BNP Oil & Gas. To the extent that Petroleum may have been damaged by reason other than by the sale of oil and gas assets, such estates may also assert such recovery against Modena to the extent of its damages.

Seashore and/or its designee shall use their best efforts and judgment to prosecute all legal and/or other recovery actions against the Black Entities at their sole cost and discretion. Seashore or its designee shall have and retain any and all rights to pursue, settle or resolve such claims at Seashore's sole discretion, without any right of the Trustee to abridge such rights in any way. Seashore shall provide notice to the Trustee of all recoveries against the Black Entities,

¹ See (a) BNP Oil & Gas's Chapter 11 Schedules (09-20612, Doc. No. 25), which list all of the oil and gas wells and leases; (b) the schedules of BNP Petroleum (09-20206, Doc. Nos. 475, 944), which do not list oil and gas wells and leases; and (c) the Examiner's Report, dated November 30, 2009, Docket No. 484, page 13 of 26 ("Properties owned leases, wells and other mineral interests. . .").

and provide for the distribution of the Trustee Distribution until the time that the Maximum Distribution is provided to the Trustee.

4. Trustee's Duty of Cooperation. The Trustee shall cooperate, support, and assist Seashore as follows:

- a. Upon execution of this Sale Agreement, in obtaining approval of this Sale Agreement by the Bankruptcy Court;
- b. Upon entry of the Sale Approval Order, in all causes of action assigned to Seashore and all collection efforts by Seashore, and shall provide access to documents in his control pertaining to such assigned causes of action, and shall upon written request, waive (subject to applicable law) all attorney-client privileges of the estates related to the assigned causes of action and collection efforts; and
- c. Upon entry of the Sale Approval Order, in Seashore's attempt to obtain any turnover order or other collection efforts in favor of Seashore against the Black Entities. The Trustee shall withdraw any notice of automatic stay in any court where the Trustee has filed one, including without limitation, County Court at Law #3 in Nueces County, Texas, in the Bankruptcy Court and shall file a notice supporting the turnover order and generally acknowledge and support collection efforts against the Black Entities.

5. Withdrawal of Fee Objections by Seashore. Upon entry of the Sale Approval Order, Seashore shall withdraw (to the extent any remain) any pending objections to fee applications of the Trustee and/or his professionals and agrees not to object to any future fee application by the Trustee and/or his professionals.

6. Treatment of Seashore's Bankruptcy Claims. The Trustee shall withdraw any and all objections to the claims asserted by Seashore in the Debtors' bankruptcy cases and Seashore shall have an allowed, general unsecured claim of \$26,203,994.66 in the BNP Oil & Gas case and an allowed, general unsecured claim of \$26,203,994.66 in the BNP Petroleum case; provided however, that Seashore's allowed claim in the BNP Petroleum case shall be subordinated to all allowed claims asserted by entities other than any claims asserted by any of the Black Entities. The Trustee may not assert any objection or action (and must dismiss with prejudice any pending objection or action) that attempts to subordinate, reduce, modify, or otherwise dispute any proof of claim of Seashore against the Debtors or their estates. The Trustee expressly agrees not to seek substantive consolidation or any substantially similar remedy in the Debtors' bankruptcy cases. Seashore shall have only one recovery on behalf of its proofs of claim.

7. Mutual Releases. Relying fully upon such agreements and representations as set forth herein, upon Bankruptcy Court approval of this Sale Agreement, the following releases shall become effective:

- a. The Trustee, on behalf of both of the Debtors' bankruptcy estates, shall dismiss all pending actions and claims against Seashore with prejudice, including without

limitation, all claims asserted in the Adversary Suit, withdraw any remaining Pending Pleadings, and shall release, acquit and discharge Seashore, and their respective agents, officers, directors, shareholders, employees, parents, subsidiaries, affiliates, insurers, indemnitors, successors, sureties, assigns, representatives, accountants and attorneys (collectively, the "Seashore Releasees") from all claims, demands, actions, causes of action, liabilities and obligations known or unknown, of any kind, at common law, statutory, or otherwise, that the Debtors and/or the Trustee have ever had or now have against the Seashore Releasees; provided however, that (i) the Seashore Releasees shall never be construed to include Paul Black or any Black Entity, and (ii) the release granted by the Trustee in this section shall not be a release of any proof of claim that Seashore holds against the Debtors and their estates, as described above in paragraph 6 or any obligation or liability created by this Sale Agreement.

- b. Seashore shall dismiss all pending actions and claims against the Debtors and/or the Trustee with prejudice including without limitation, all claims asserted in the Adversary Suit, withdraw any remaining Pending Pleadings, and shall release, acquit and discharge the Trustee (in all of his capacities), and his agents, employees, affiliates, insurers, indemnitors, successors, sureties, assigns, representatives, accountants and attorneys (collectively, the "Trustee Releasees") from all claims, demands, actions, causes of action, liabilities and obligations known or unknown, of any kind, at common law, statutory, or otherwise, that Seashore has ever had or now have against the Trustee Releasees; provided however, that (i) the Trustee Releasees shall never be construed to include Paul Black or any Black Entity, and (ii) the release granted by Seashore in this section shall not be a release of any proof of claim that Seashore holds against the Debtors and their estates, as described above in paragraph 6 or any obligation or liability created by this Sale Agreement.

8. Contingencies/Bankruptcy Court Approval. This Sale Agreement and the terms agreed to herein are subject to and contingent upon:

- a. Entry of an order by the Bankruptcy Court, acceptable in form to Seashore and the Trustee, approving the Sale Agreement, including a finding under 11 U.S.C. §363(m) that the conveyance and transfer of the estates' rights were in good faith and that the Trustee and Seashore are proceeding in good faith, after proper notice and a hearing; provided, however, that neither Seashore nor the Trustee shall have any obligation to proceed if a court should stay the effectiveness of the Sale Approval Order; and
- b. The denial with prejudice on or before the Approval Hearing (defined below), of any settlement, proposal, term sheet, or agreement contrary to the terms of this Sale Agreement between the Trustee and Paul Black or any Black Entity,

specifically including but not limited to the Sale Agreement dated June 8, 2011 between the Trustee and Paul Black.

The Trustee shall promptly file a motion, acceptable in form to Seashore, in the Bankruptcy Court to approve this Sale Agreement and authorize the Trustee to Convey, pursuant to 11 U.S.C. §363, all rights and interests of the estate as provided in this Sale Agreement and shall schedule a hearing (the "Approval Hearing") to consider the Sale Agreement for July 19, 2011, or on such date as otherwise agreed to by the Parties or set by the Court (provided, however, that such date must be no later than July 29, 2011). In any event, the Approval Hearing must be scheduled to occur prior to any hearing to consider any settlement with Paul Black. The Trustee shall support approval of the this Sale Agreement, and shall expressly advise the Bankruptcy Court that the settlement described herein is more beneficial to the Debtors' estates than the settlement reached with Paul Black.

9. Timing of Performance. Except as otherwise provided herein, all actions to be taken and documents to be filed in connection herewith, shall be complete on or before the fifteenth calendar day following entry of the Sale Approval Order (the "Effective Date").

Upon execution of this Sale Agreement by the Trustee and by Seashore:

- a. The Trustee's obligation to respond to all discovery requests sent by Seashore is suspended pending entry of the Sale Approval Order. If the Bankruptcy Court does not approve this Sale Agreement, the Trustee shall have thirty (30) days from such denial or non-approval, to respond to the discovery requests; and
- b. The obligation or right of any Party to file any pleading in response to, or in connection with, any Pending Pleading shall also be suspended pending entry of the Sale Approval Order. If the Bankruptcy Court does not approve and enter the Sale Approval Order, the Parties shall have thirty (30) days from such denial or non-approval, to file such responsive pleadings.

10. Confidentiality. The Parties will keep this Sale Agreement confidential until a motion to approve this Sale Agreement is filed.

11. No Admission of Liability. It is expressly understood that this Sale Agreement is a compromise of disputed claims, and that any payments or consideration extended by virtue of this Sale Agreement is not to be construed as an admission of liability, which is strictly denied by each and every Party.

12. Governing Law. As applicable, the Bankruptcy Code and the laws of the State of Texas govern this Sale Agreement.

13. Cooperation. The Parties to this Sale Agreement hereby agree to cooperate fully and execute any and all supplementary documents, and to take all additional actions that may be necessary or appropriate to give full force and effect to the basis terms and intent of this Sale Agreement.

14. **Ownership of Rights Hereunder.** Each Party to this Sale Agreement further warrants and represents that it/he/she has the sole right and exclusive authority to execute this Sale Agreement, and the sole right and exclusive authority to provide and receive the consideration set forth herein. The Trustee's authority to perform hereunder is subject to Bankruptcy Court approval of this Sale Agreement.

15. **Miscellaneous.** This Sale Agreement contains the entire agreement between the Parties with regard to the matters set forth herein, and shall upon Bankruptcy Court approval be binding upon and inure to the benefit of the executors, administrators, personal representatives, heirs, successors and assigns of each. This Sale Agreement was drafted cooperatively by the Parties, therefore no language in this Sale Agreement shall be construed in favor of or against any of the Parties to this agreement.

16. **Counterparts.** This Sale Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Sale Agreement by signing any such counterpart. The parties may submit their signature by facsimile, email or by original, any of which shall be adequate evidence of the signature of such party.

AGREED TO THIS 24th DAY OF JUNE, 2011.

Toby Shor, Individually and as Trustee
On Behalf of Seashore Investments
Management Trust and 2004 GRAT

Date: _____



Michael B. Schmidt, Trustee On Behalf
of the Chapter 7 Estates of BNP Petroleum Corporation
and BNP Oil & Gas Properties, Ltd.


Date: 6-24-11

14. **Ownership of Rights Hereunder.** Each Party to this Sale Agreement further warrants and represents that it/he/she has the sole right and exclusive authority to execute this Sale Agreement, and the sole right and exclusive authority to provide and receive the consideration set forth herein. The Trustee's authority to perform hereunder is subject to Bankruptcy Court approval of this Sale Agreement.

15. **Miscellaneous.** This Sale Agreement contains the entire agreement between the Parties with regard to the matters set forth herein, and shall upon Bankruptcy Court approval be binding upon and inure to the benefit of the executors, administrators, personal representatives, heirs, successors and assigns of each. This Sale Agreement was drafted cooperatively by the Parties, therefore no language in this Sale Agreement shall be construed in favor of or against any of the Parties to this agreement.

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AGREED TO THIS 24th DAY OF JUNE, 2011.



Toby Shor, Individually and as Trustee
On Behalf of Seashore Investments
Management Trust and 2004 GRAT

Date: June 27, 2011

Michael B. Schmidt, Trustee On Behalf
of the Chapter 7 Estates of BNP Petroleum Corporation