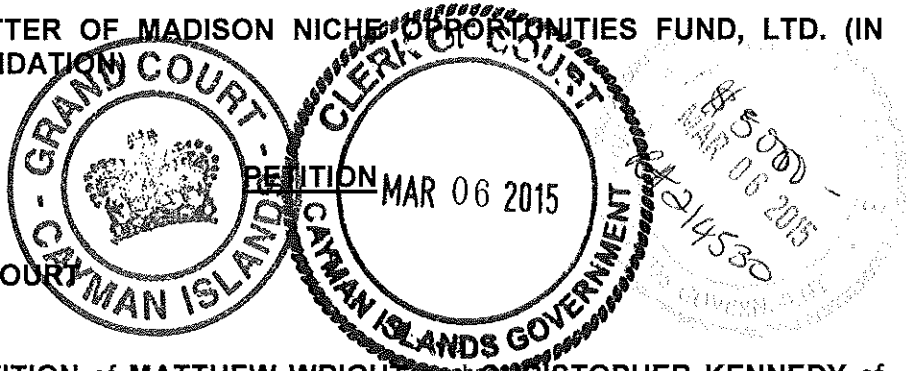


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

0036
CAUSE NO: FSD OF 2015

IN THE MATTER OF SECTION 131 OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF MADISON NICHE OPPORTUNITIES FUND, LTD. (IN
VOLUNTARY LIQUIDATION)



TO: THE GRAND COURT

THE HUMBLE PETITION of MATTHEW WRIGHT and CHRISTOPHER KENNEDY of RHSW (Cayman) Limited, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman KY1-1103, Cayman Islands, as joint voluntary liquidators ("JVLs") of Madison Niche Opportunities Fund, Ltd. (in voluntary liquidation) (the "Fund") shows that:

Incorporation

1. The Fund is an exempted limited company and was incorporated under the laws of the Cayman Islands on 20 September 2002. Its registered office is c/o RHSW (Cayman) Limited, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman KY1-1103, Cayman Islands.
2. The Fund serves as a feeder fund for Madison Niche Opportunities Master Fund, Ltd (the "**Master Fund**"). The Master Fund is also in voluntary liquidation and the JVLs are appointed as its joint voluntary liquidators.

Method by which the Fund was put into voluntary liquidation

3. On 26 June 2014 the directors of the Fund passed a board resolution that its directors recommend to Madison Capital Advisors 1, LLC in its capacity as the sole voting shareholder of the Fund (the "**Voting Shareholder**") that it be wound up voluntarily and that the JVLs be appointed as its joint voluntary liquidators.

4. Then, on 1 July 2014 the Voting Shareholder passed resolutions, as special written resolutions, that:
 - (a) the business and affairs of the Fund be voluntarily wound up in accordance with section 116(c) of the Cayman Islands' Companies Law (2013 Revision) (the "**Law**"); and
 - (b) the JVLs be appointed as the joint voluntary liquidators of the Fund.
5. The JVLs filed consents to act as voluntary liquidators of the Fund with the Registrar of Companies on 1 July 2014.
6. Special resolutions were also passed on 1 July 2014 to appoint the JVLs as joint voluntary liquidators of certain other members of the group to which the Fund belongs, being:
 - (a) the Master Fund;
 - (b) Madison Niche Assets Fund, Ltd ("**MNAF**"); and
 - (c) Madison Niche Assets Master Fund, Ltd.

Declaration of solvency

7. On 1 July 2014, the then directors of the Fund provided a signed declaration of solvency.
8. Notwithstanding that a declaration of solvency was received, the JVLs are of the view that the winding up of the Fund under the supervision of the Court will result in a more effective, economic and expeditious liquidation of the Fund.

Consent to appointment as Official Liquidators

9. The JVLs are qualified insolvency practitioners and consent to being appointed as Joint Official Liquidators of the Fund.

Financial position of the Fund

10. The Fund is a feeder fund for the Master Fund and accordingly its sole asset is its shares in the Master Fund.
11. The Fund holds 94.2% of the shares in the Master Fund. The remaining 5.8% of the shares in the Master Fund are held by Madison Niche Opportunities Fund, LLC (the "Onshore Feeder Fund").
12. The Fund therefore has an interest in the assets of the Master Fund after payment of other creditors in accordance with the Law and its financial position is dependent upon both the Master Fund's financial performance and the value of its assets.
13. As of 4 March 2015, the Fund's assets are comprised by:
 - (a) cash of US\$735,878.29 (subject to currency fluctuations);
 - (b) interests in the following investments, which are held via the Master Fund, and certain other intermediary holding companies:
 - (i) Madison Vineyard Holdings, LLC, in respect of which the Fund holds a 37.9% interest. This investment concerns the ownership and operation of a vineyard located in the Napa Valley, California and known as Jamieson Ranch. A recently conducted valuation values it between US\$19,000,000 and US\$30,000,000;
 - (ii) Madison Fort Lauderdale, LLC, in respect of which the Fund holds a 54.8% interest. This investment concerns the ownership of development-potential real estate located in Fort Lauderdale, Florida and known as Hampton Inn. The manager of this asset has valued it at between US\$3,500,000 and US\$5,400,000, although it is currently encumbered by bridging loan obligation, worth US\$930,000;
 - (iii) Red Mesa Holdings / O&G, LLC, in respect of which the Fund holds a 90.3% interest. This investment concerns the ownership

and operation of oil and gas drilling concerns located in La Plata County, Colorado ("**Red Mesa**"). Although this asset was valued at US\$12,000,000 in its 30 September 2014 management accounts, it is expected to realise no value for the Fund, for the reasons explained below;

- (iv) United American Energy LLC, in respect of which the Fund holds an 88.8% interest. This investment concerns the ownership and operation of oil and gas drilling concerns located in Beattyville, Kentucky. Unaudited accounts as at 30 September 2014 valued this asset at US\$14,300,000; and
- (v) Sagebrush Holdings / O&G, LLC in respect of which the Fund holds a 90.2% interest. This investment concerns the ownership and operation of oil and gas drilling concerns located in North Dakota. Although this asset was valued at US\$2,700,000 in May 2014, it is currently expected to realise no value.

- 14. As of 4 March 2015, current liabilities of the Fund are US\$75,595.86, which are comprised principally by legal, insurance and some general operational expenses incurred by the underlying assets.

The financial position of the Master Fund

- 15. As of 4 March 2015, the Master Fund holds cash totalling US\$138,553.09 in addition to a small number of securities of minimal value. However, this financial position (and consequently, the financial position of the Fund) may be subject to significant change due to significant liabilities which continue to accrue against Red Mesa.

Red Mesa

- 16. Red Mesa has underperformed due to the global decline in oil prices however its financial strife has been compounded due to recent intervention by the Colorado Oil and Gas Conservation Commission (the "**Regulator**"). The Regulator is responsible for promoting the responsible development of Colorado's oil and gas natural resources and is statutorily empowered to impose conditions, fines, levies

and/or restrictions which it considers necessary to prevent or mitigate any potentially adverse environmental impact that drilling entities such as Red Mesa might have.

17. It is expected that the recent closure of remaining oil wells at Red Mesa will result in further and significant increase in its financial obligations to the Regulator, such that it is now balance-sheet insolvent.
18. The JVLs have been advised by their United States legal advisors that the most prudent course of action is for Red Mesa to enter into bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code (the "Code").

The bankruptcy of Red Mesa necessitates Court-supervised liquidation

19. The entry by Red Mesa into bankruptcy, and the circumstances which precipitated it have necessitated the presentation of this petition: the JVLs are of the view that it is necessary to bring the liquidation of the Fund under the supervision of the Grand Court of the Cayman Islands (the "Court") because:
 - (a) recent escalating costs, the threat of regulatory intervention associated with Red Mesa, and the imminent engagement of a United States bankruptcy trustee have served to fundamentally change the nature of the liquidation of the Fund, such that voluntary liquidation is no longer appropriate and the well-established framework of Court-supervised liquidation is now a more suitable regime in which to conduct the liquidation;
 - (b) the threat of enforcement of fines and other penalties from the Regulator will be significantly reduced by the commencement of Court-supervised liquidation. This will provide the Fund and its investors with greater certainty by affording the JVLs (should they be appointed as joint official liquidators) the ability to complete the liquidation of the Fund without the ongoing threat of enforcement proceedings or other litigation;
 - (c) the JVLs' United States advisors have advised that there is a risk of the Regulator seeking to "pierce the corporate veil" when imposing financial sanctions. The JVLs therefore consider that it accords with their duty to

the creditors and investors of the Fund, to seek the protection of the Court against any attempts by the Regulator to encumber or diminish the other assets into which the Fund is invested; and

- (d) Red Mesa's United States advisors have advised that any bankruptcy trustee appointed pursuant to Chapter 7 of the Code would be more willing to deal with a Court-appointed liquidator.

Court supervision will result in a more effective, economic and expeditious liquidation process

20. The JVLs also consider that the supervision of the Court will result in a more effective, economic and expeditious liquidation process. This is because a Court supervised process will:

- (a) allow them to carry out a comprehensive investigation into the Fund's affairs, including any claims that may vest in the Fund against any third parties, for the benefit of creditors;
- (b) assist in preventing any disposition of the Fund's property or the transfer of its shares or alteration in the status of the Fund's members unless by the order of the Court;
- (c) assist in the orderly distribution of the Fund's assets.

Investor consent

21. The Fund's shareholders (the "Investors") are a dissimilar body ranging from household name institutional investors that hold over 15% of the issued share capital of the Fund, to minor investors holding less than 0.03% of the issued share capital of the Fund. On those occasions that the JVLs have written to the Investors some have responded, but many have not. The JVLs consider this is reflective of the quantum and disparate nature of the Investors.

22. Accordingly, and in order to seek to establish a productive forum for Investor communication, the JVLs wrote to all investors of the Fund following their appointment and convened a meeting at which an informal liquidation committee

was appointed (the "LC"). The LC was appointed on 25 November 2014 and since its appointment the JVLs have had regular update calls with the LC, as well as ongoing ad-hoc communication with various of the LC members.

23. Following the receipt of advice that Red Mesa was due to enter into bankruptcy, and that the Regulator may seek recourse against Fund assets beyond Red Mesa, the JVLs immediately contacted the LC and arranged a teleconference to provide an update: the teleconference took place on Friday 27 February 2015 and at it, the JVLs explained developments and the rationale behind their desire to move into Court-supervised liquidation.
24. As at the date of this petition, all LC members have indicated that they support the Fund's entry into Court-supervised liquidation.
25. On 2 March 2015 the JVLs also wrote to all investors of the Fund informing them that the JVLs intended to make an application for the liquidation of the Fund to be brought under the supervision of the Court. Given the urgency the JVLs requested that any Investor who opposed this petition provide notification of such opposition by midday (Cayman time) on Thursday 5 March 2015.
26. As at the date of this petition, the JVLs have received no communication from any Investors indicating opposition, and as such the JVLs are of the view that no Investors oppose the petition. In the event that the JVLs receive any notification indicating disapproval between the date of this petition, and the date that the summons on this petition is heard, they will immediately inform the Court in writing. The JVLs will also provide all Investors with details of the date and time of the hearing of the summons on the petition, so that they can attend or be represented should they wish to.

Conclusion

27. For the reasons set out above, the JVLs seek an order pursuant to section 131(b) of the Law that that the liquidation of the Fund continue under the supervision of the Court and that the JVLs be appointed as the joint official liquidators of the Fund.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

28. The liquidation of the Fund continue under the supervision of the Court.
29. Matthew Wright and Christopher Kennedy of RHSW (Cayman) Limited, Windward 1, Regatta Office Park, West Bay Road, Grand Cayman KY1-1103, Cayman Islands, be appointed as Joint Official Liquidators ("JOLs") of the Fund.
30. The JOLs shall not be required to give security for their appointment.
31. The JOLs be authorised to exercise all of the following powers within and outside the Cayman Islands without further sanction of the Court, namely the powers:
 - (a) to bring or defend any action or other legal proceeding in the name and on behalf of the Fund either in their own name for and on behalf of the Fund, or in the name of the Fund on its behalf;
 - (b) to carry on the business of the Fund so far as may be necessary for its beneficial winding up;
 - (c) to dispose of any property of the Fund to a person who is or was related to the Fund;
 - (d) to pay any class of creditors in full;
 - (e) to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim (present or future, certain or contingent, ascertained or sounding only in damages) against the Fund or for which the Fund may be rendered liable;
 - (f) to compromise on such terms as may be agreed all debts and liabilities capable of resulting in debts, and all claims (present or future, certain or contingent, ascertained or sounding only in damages) subsisting, or supposed to subsist between the Fund and a contributory or alleged contributory or other debtor or person apprehending liability to the Fund;
 - (g) to deal with all questions in any way relating to or affecting the assets or the winding up of the Fund, to take any security for the discharge of any


such call, debt, liability or claim and to give a complete discharge in respect of it;

- (h) to sell any of the Fund's property by public auction or private contract with power to transfer the whole of it to any person or to sell the same in parcels;
- (i) to raise or borrow money and grant security over the property of the Fund;
- (j) to engage staff (whether or not as employees of the Fund) to assist them in the performance of their functions;
- (k) to engage attorneys and other professionally qualified persons to assist them in the performance of their functions;
- (l) to take possession of, collect and get in the property of the Fund and for that purpose to take all such proceedings as they consider necessary;
- (m) to do all acts and execute, in the name and on behalf of the Fund, all deeds, receipts and other documents;
- (n) to prove, rank and claim in the bankruptcy, insolvency or sequestration of any contributory for any balance against his estate, and to receive dividends in the bankruptcy, insolvency or sequestration in respect of that balance, as a separate debt due from the bankrupt or insolvent and rateably with the other separate creditors;
- (o) to draw, accept, make and indorse any bill of exchange or promissory note in the name and on behalf of the Fund, with the same effect with the respect of the Fund's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Fund in the course of its business;
- (p) to convene meetings of creditors and contributories; and
- (q) to do all other things incidental to the exercise of their powers.

32. The JOLs shall have the authority to appoint Cayman Islands attorneys, United States attorneys, and any other jurisdiction where the Fund has or may have assets, as they may consider necessary to advise and assist them in the performance of their duties and to remunerate them for their reasonable fees and expenses out of the assets of the Fund as an expense of the liquidation.
33. The JOLs be at liberty to meet all disbursements reasonably incurred with the performance of their functions.
34. The JOLs be at liberty to and do pay their agents, employees, attorneys, solicitors and whomsoever else they may employ or instruct, remuneration and costs, and for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Fund as expenses of the winding up.
35. No suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the Fund except with leave of the Court pursuant to section 97 of the Law.
36. No disposition of the Fund's property by or with the authority of the JOLs in the carrying out of their duties and functions and the exercise of their powers under this Order shall be avoided by virtue of section 99 of the Law.
37. Any act required or authorised to be done by the JOLs may be done by any one of them.

AND YOUR PETITIONER WILL EVER PRAY ETC:

DATED this 5 day of March 2015
FILED this day of March 2015



WALKERS
Attorneys at Law for the Petitioner

THIS petition was presented by Walkers Attorneys-at-Law of 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands for the JVLs, whose address for service is that of its said Attorneys-at-Law.