UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): May 7, 2021

LAREDO PETROLEUM, INC.

(Exact name of registrant as specified in charter)

Delaware	**001-35380**	**45-3007926**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

15 W. Sixth Street, Suite 900, Tulsa, Oklahoma	**74119**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(918) 513-4570**

Not Applicable
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, $0.01 par value	LPI	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

Sabalo/Shad Acquisition

On May 7, 2021, Laredo Petroleum, Inc. (the "Company") entered into two separate purchase and sale agreements, one (the "Sabalo PSA") with Sabalo Energy, LLC and its subsidiary, Sabalo Operating, LLC (collectively, "Sabalo"), and the other (the "Shad PSA" and, together with the Sabalo PSA, the "Sabalo/Shad PSAs") with Shad Permian, LLC ("Shad"), which is unaffiliated with Sabalo but owns interests in the same assets, pursuant to which the Company agreed to purchase (the "Sabalo/Shad Acquisition"), effective as of April 1, 2021, certain oil and gas properties in the Midland Basin, located in the Howard and Borden Counties, Texas, and related assets and contracts for an aggregate purchase price of $714.3 million, comprising $624.3 million of cash and 2,506,964 shares of the Company's common stock, par value $0.01 per share (the "Shares"), based upon the closing price of the Company's common stock on April 19, 2021. Under the terms of the Sabalo/Shad PSAs, the Company has deposited into third party escrow accounts an amount equal to $71.4 million. The Company currently expects to fund the acquisition price and related transaction costs with respect to the Sabalo/Shad Acquisition with proceeds from a sale of working interests in certain of its oil and gas properties in connection with the Working Interest Sale (defined below), as more fully described below, and borrowings under its Senior Secured Credit Facility (defined below).

The Sabalo/Shad PSAs contain customary representations and warranties, covenants, termination rights and indemnification provisions for a transaction of this size and nature, provide the parties thereto with specified rights and obligations and allocate risk among them in a customary manner. The Company expects the Sabalo/Shad Acquisition to close on or about July 1, 2021, subject to customary closing conditions. There can be no assurance that all of the conditions to closing the Sabalo/Shad Acquisition will be satisfied. The Company has a right to terminate the Shad PSA if the closing under the Sabalo PSA does not occur prior to or contemporaneously with the closing under the Shad PSA. The foregoing description of the Sabalo/Shad PSAs does not purport to be complete and is qualified in its entirety by reference to the Sabalo PSA and the Shad PSA filed as Exhibit 2.1 and Exhibit 2.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Each of the Sabalo/Shad PSAs contain representations, warranties and other provisions that were made only for purposes of that agreement and as of specific dates and were solely for the benefit of the other parties thereto. Each of the Sabalo/Shad PSAs is a contractual document that establishes and governs the legal relations among the parties thereto and is not intended to be a source of factual, business or operational information about the Company, Sabalo, Shad or any of their respective subsidiaries or the assets to be acquired from Sabalo or Shad. The representations and warranties made by the Company or Shad (as applicable) in the Sabalo/Shad PSAs may be (i) qualified by disclosure schedules containing information that modifies, qualifies or creates exceptions to such representations and warranties and (ii) subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Accordingly, investors and security holders should not rely on such representations and warranties as characterizations of the actual state of facts or circumstances.

Under the Sabalo PSA, Sabalo and one of its indirect owners agreed to enter into a standstill agreement in connection with the closing under the Sabalo PSA (the "Standstill Agreement"). Pursuant to the terms of the Standstill Agreement, if the closing occurs, for a period of time not to exceed two years following the closing under the Sabalo PSA, such persons will be subject to, among other things, certain restrictions on such entities' acquisition of shares of the Company's common stock and on certain other activities relating to the Company and the shares of the Company's common stock owned by such persons and their affiliates, including the shares constituting a portion of the purchase price to be received by Sabalo in connection with the closing under the Sabalo PSA.

Also under the Sabalo/Shad PSAs, the Company agreed to enter into a registration rights agreement with Sabalo and Shad in connection with the closing of the Sabalo/Shad Acquisition (the "Registration Rights Agreement"). Pursuant to the terms of the Registration Rights Agreement, the Company will agree to register under the Securities Act of 1933, as amended (the "Securities Act"), the resale of the shares of the Company's common stock constituting a portion of the purchase price to be received by such entities in connection with the closing of the Sabalo/Shad Acquisition and to grant such person certain rights to request and/or participate in underwritten offerings.

The foregoing descriptions of the Standstill Agreement and Registration Rights Agreement do not purport to be complete and are qualified in their entirety by reference to the form of Standstill Agreement included as Exhibit F to the Sabalo PSA filed as Exhibit 2.1 hereto and the form of Registration Rights Agreement included as Exhibit C to each of the Sabalo PSA filed as Exhibit 2.1 hereto and the Shad PSA filed as Exhibit 2.2 hereto, respectively, and incorporated herein by reference.

Sale of Working Interest

On May 7, 2021, the Company entered into a purchase and sale agreement (the "Sixth Street PSA") with Piper Investments Holdings, LLC, an affiliate of Sixth Street Partners, LLC ("Sixth Street"), pursuant to which the Company agreed to sell to Sixth Street a portion of the Company's working interests in certain specified oil and gas properties (the "Working Interest Sale" and, together with the Sabalo/Shad Acquisition, the "Transactions"), for an aggregate purchase price of $405 million in cash at closing and potential cash flow-based earn-out payments after closing, subject to certain customary adjustments.

The interests conveyed include such undivided interest in and to the scheduled oil and leases as may be necessary to entitle the purchaser to the scheduled working interest and net revenue interest amounts, and the undivided percentage ownership in and to the scheduled producing wellbores, comprising approximately 37.5% of the Company's interest in such producing wellbores, the properties being primarily located within the Glasscock and Reagan Counties, Texas, subject to certain excluded assets and title diligence procedures.

The Sixth Street PSA contains customary representations and warranties, covenants, termination rights and indemnification provisions for a transaction of this size and nature, provide the parties thereto with specified rights and obligations and allocate risk among them. The Company expects the Working Interest Sale to close on or about the same time as the closing of the Sabalo/Shad Acquisition, subject to closing of the Sabalo/Shad Acquisition and other customary closing conditions. There can be no assurance that all of the conditions to closing the Working Interest Sale, or under the Sixth Street PSA, will be satisfied. The foregoing description of the Sixth Street PSA does not purport to be complete and is qualified in its entirety by reference to the Sixth Street PSA filed as Exhibit 2.3 to this Current Report on Form 8-K and incorporated herein by reference.

The Sixth Street PSA contains representations, warranties and other provisions that were made only for purposes of the Sixth Street PSA and as of specific dates and were solely for the benefit of the other parties thereto. The Sixth Street PSA is a contractual document that establishes and governs the legal relations among the parties thereto and is not intended to be a source of factual, business or operational information about the Company or Sixth Street and their respective subsidiaries or the assets to be acquired from the Company and its affiliates. The representations and warranties made by the Company and Sixth Street in the Sixth Street PSA may be (i) qualified by disclosure schedules containing information that modifies, qualifies or creates exceptions to such representations and warranties and (ii) subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Accordingly, investors and security holders should not rely on such representations and warranties as characterizations of the actual state of facts or circumstances.

Amendment to the Senior Secured Credit Facility

On May 7, 2021, the Company entered into the Sixth Amendment (the "Sixth Amendment") to the Fifth Amended and Restated Credit Agreement (as amended, the "Senior Secured Credit Facility") among the Company, as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors, and the banks signatory thereto. The Sixth Amendment, among other things, reaffirms the Borrowing Base at $725 million, and amends the Senior Secured Credit Facility to permit (i) the Sabalo/Shad Acquisition and the other transactions contemplated by the Sabalo/Shad PSAs and (ii) the Working Interest Sale and the other transactions contemplated by the Sixth Street PSA, in each case, subject to the terms of the Sixth Amendment and the Senior Secured Credit Facility.

All capitalized terms above that are not defined elsewhere have the meanings ascribed to them in the Sixth Amendment or the Senior Secured Credit Facility, as applicable. The foregoing description of the Sixth Amendment is a summary only and is qualified in its entirety by reference to the complete text of the Sixth Amendment, a copy of which is attached hereto as Exhibit 10.1 and incorporated into this Item 1.01 by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01, under the heading "Amendment to the Senior Secured Credit Facility," is incorporated into this Item 2.03 by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The disclosure set forth in Item 1.01 is incorporated into this Item 3.02 by reference. The Company intends to issue the Shares in reliance on the exemptions from registration requirements under the Securities Act pursuant to Section 4(a)(2) thereof and Regulation D thereunder. The Company relied upon representations, warranties, certifications and agreements of Sabalo or Shad (as applicable) in support of the satisfaction of the conditions contained in Section 4(a)(2) of the Securities Act or Regulation D under the Securities Act.

Item 8.01. Other Events.

The Company is supplementing the risk factors previously disclosed in its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 with the following risk factors:

The pending Transactions create unknown impacts on our future which could materially and adversely affect our business, financial condition and results of operations.

While the Transactions are pending, we are subject to a number of risks, including:

- the additional attention required of management, our board of directors and our employees on issues related to the Transactions and separate from our day-to-day business;
- the potential disruption to our business from the Transactions, making it more difficult to maintain relationships with customers, employees or suppliers;
- our potential inability to buy or sell our securities until we have publicly filed the required financial information with respect to the Transactions; and
- our potential inability to respond effectively to competitive pressures, industry developments and future opportunities.

The occurrence of any of these events individually or in combination could materially and adversely affect our business, financial condition and results of operations. We have also incurred substantial transaction costs in connection with the Transactions and we will continue to do so until the consummation of the Transactions.

The failure to consummate the Working Interest Sale may require us to obtain additional financing to complete the Sabalo/Shad Acquisition. Even if we are able to raise additional financing, we might not be able to obtain it on terms that are favorable to the company.

We intend to fund the cash portion of the purchase price for the Sabalo/Shad Acquisition with the proceeds of the Working Interest Sale and borrowings under our Senior Secured Credit Facility. If we are unable to consummate the Working Interest Sale, we may be required to obtain additional financing to complete the Sabalo/Shad Acquisition through the public or private sale of debt or equity securities, and the terms of such transactions may be unduly expensive or burdensome to the company or disadvantageous to our existing stockholders. For example, we may be forced to sell or issue our securities at significant discounts to market, or pursuant to onerous terms and conditions. If we issue additional equity securities to obtain financing for the Sabalo/Shad Acquisition, such an issuance may result in substantial dilution to the existing holders of our common stock. If we issue additional debt securities to obtain financing for the Sabalo/Shad Acquisition, our increased indebtedness could also have adverse consequences on our business

In the event we are unable to consummate the Working Interest Sale and we are unable to obtain additional financing, we may not be able to complete the Sabalo/Shad Acquisition, which could result in events that could materially and adversely affect our business, financial condition and results of operations.

The failure to consummate one or both of the Transactions may materially and adversely affect our business, financial condition and results of operations.

The Sabalo/Shad Acquisition, which is anticipated to close on or about July 1, 2021, is subject to various customary closing conditions. The Working Interest Sale is subject to the consummation of the Sabalo/Shad Acquisition, as well as various customary closing conditions.

We cannot control some of these conditions and we cannot assure you that they will be satisfied. If one or both of the Transactions is or are not consummated, we may be subject to a number of risks, including the following:

- we may not be able to identify alternate transactions, or if alternate transactions are identified, such alternate transactions may not result in equivalent terms of the alternate transactions as compared to what is proposed in the Transactions;
- the trading price of our common stock may decline to the extent that the current market price reflects a market assumption that the Transactions will be consummated;
- the failure to complete the Transactions may create doubt as to our ability to effectively implement our current business strategies;

- our costs related to the Transactions, such as legal, accounting and certain financial advisory fees, must be paid even if the Transactions are not completed;

- in certain instances we could experience losses resulting from the derivative financial instruments or other hedging mechanisms we put in place in connection with the Transactions to limit the effects of changes in commodity prices; and

- in certain instances we may be not be able to recoup the deposit we placed into escrow, in the aggregate amount of $71.4 million, at the time of signing the Sabalo/Shad PSAs for the benefit of Sabalo or Shad (as applicable).

The occurrence of any of these events individually or in combination could materially and adversely affect our business, financial condition and results of operations.

The Transactions may expose us to contingent liabilities.

We have agreed to indemnify Sabalo and Shad against certain liabilities related to (i) production, processing and other imbalances, (ii) obligations to pay working interests and related payments, (iii) obligations for plugging and abandonment of applicable wells and (iv) certain other items. In addition, we have agreed to indemnify Sixth Street for breaches of certain specified fundamental representations and warranties and failure to perform covenants or obligations contained in the Sixth Street PSA, subject to certain limitations, and certain other indemnities.

Our indemnification obligations are, in some cases, subject to limitations, but the amount of our maximum exposure could be material. In some instances, our indemnification obligations are not subject to any limitations. Significant indemnification claims by Sabalo, Shad or Sixth Street could materially and adversely affect our business, financial condition and results of operations.

The additional indebtedness we will incur to consummate the Sabalo/Shad Acquisition could materially and adversely affect our business, financial condition and results of operations.

We intend to fund the cash portion of the purchase price for the Sabalo/Shad Acquisition with the proceeds of the Working Interest Sale and borrowings under our Senior Secured Credit Facility. Such borrowings will materially increase our outstanding indebtedness.

Our increased indebtedness could also have adverse consequences on our business, such as:

- requiring us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund working capital, capital expenditures, development projects and other general corporate purposes;

- limiting our ability to obtain additional financing to fund our working capital needs, acquisition, capital expenditures or other debt service requirements or for other purposes;

- increasing the costs of incurring additional debt;

- limiting our ability to compete with other companies that are not as highly leveraged, as we may be less capable of responding to adverse economic and industry conditions;

- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness;

- exposing us to potential events of default (if not cured or waived) under covenants contained in our debt instruments that could have a material adverse effect on our business, financial condition and operating results; and

- limiting our ability to react to changing market conditions in our industry.

The impact of any of these potential adverse consequences could materially and adversely affect our business, financial condition and results of operations.

Consummation of the Transactions may not achieve the intended results and our results may suffer if we do not effectively manage our expanded operations following the Transactions.

The anticipated benefits of the Transactions may not be realized fully or at all, may take longer to realize than expected or could have other adverse effects that we do not currently foresee. Some of the assumptions that we have made, such as the nature of assets to be acquired in the Sabalo/Shad Acquisition, may not be realized. There could also be undisclosed or unknown liabilities and unforeseen expenses associated with the Sabalo/Shad Acquisition that were not discovered in the due diligence review conducted by us prior to entering into the Sabalo/Shad PSAs.

We may use more cash and other financial resources on integration and implementation activities than we expect. We may not be able to successfully integrate the assets acquired in the Sabalo/Shad Acquisition into our existing operations or realize the expected economic benefits of the Sabalo/Shad Acquisition, which may have a material and adverse effect on our business, financial condition and results of operations.

In addition, a portion of the acreage we are acquiring in the Sabalo/Shad Acquisition is undeveloped, and our plans, development schedule and production schedule associated with the acreage may fail to materialize. As a result, our investment in these areas may not be as economic as we anticipate, and we could incur material write-downs of unevaluated properties.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
2.1	Purchase and Sale Agreement, dated May 7, 2021, by and among Laredo Petroleum, Inc., Sabalo Energy, LLC and Sabalo Operating, LLC.*
2.2	Purchase and Sale Agreement, dated May 7, 2021, by and between Laredo Petroleum, Inc. and Shad Permian, LLC.*
2.3	Purchase and Sale Agreement, dated May 7, 2021, by and between Laredo Petroleum, Inc. and Piper Investments Holdings, LLC.*
10.1	Sixth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of May 7, 2021, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

* Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission on request.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LAREDO PETROLEUM, INC.

Date: May 11, 2021

By: /s/ Bryan J. Lemmerman
Bryan J. Lemmerman
Senior Vice President and Chief Financial Officer

Exhibit 2.1

Execution Version

PURCHASE AND SALE AGREEMENT

by and among

SABALO ENERGY, LLC

and

SABALO OPERATING, LLC

collectively, as Seller

and

LAREDO PETROLEUM, INC.

as Purchaser

Dated May 7, 2021

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TABLE OF DEFINED TERMS

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement"), is dated as of May 7, 2021 (the "Execution Date"), by and among Sabalo Energy, LLC, a Texas limited liability company ("Sabalo Energy"), and Sabalo Operating, LLC, a Texas limited liability company ("Sabalo Operating" and, collectively with Sabalo Energy, "Seller"), and Laredo Petroleum, Inc., a Delaware corporation ("Purchaser"). Seller, on the one hand, and Purchaser, on the other hand, are referred to herein individually, as a "Party" and collectively, as the "Parties".

RECITALS:

Seller desires to sell, and Purchaser desires to purchase, those certain oil and gas properties, rights, and related assets that are defined and described as "Assets" herein.

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations, warranties, covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
PURCHASE AND SALE

1.1 **Purchase and Sale**. On the terms and conditions contained in this Agreement, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase, accept, and pay for, the Assets.

1.2 **Certain Definitions**. As used herein:

(a) "Affiliate" means, with respect to any Person, a Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, provided, however, for the avoidance of doubt, for the purposes of this Agreement, the term "Affiliate" shall not include, and, except for Section 6.15, Section 8.2(r), the definition of "EnCap Indemnitees" (and its applicability in this Agreement) or as may be otherwise expressly set forth in this Agreement, no provision of this Agreement shall be applicable to, EnCap Investments L.P. ("EnCap"), any fund managed by EnCap, or any Person that directly or indirectly controls, is controlled by, or is under common control with EnCap other than Sabalo Holdings, LLC and any Person controlled by Sabalo Holdings, LLC. "Control" and derivatives of such term, as used in this definition, means having the ability, whether or not exercised, to direct the management or policies of a Person through ownership of voting shares or other securities, pursuant to a written agreement, or otherwise.

(b) "Asset Taxes" means ad valorem, property, excise, severance, production, sales, use and similar Taxes based upon the acquisition, operation or ownership of the Assets or the production of Hydrocarbons therefrom, but excluding, for the avoidance of doubt, Income Taxes and Transfer Taxes.

(c) "Assets" means all of Seller's right, title, and interest in and to the following (but excluding in all cases any Excluded Assets):

(i) the oil and gas leases, oil, gas, and mineral leases and subleases, carried interests, operating rights, record title interests and other interests located within the Designated Area, including those identified or described on Exhibit A-1, and, without limiting the foregoing, all other rights (of whatever character, whether legal or equitable, vested or contingent, and whether or not the same are expired or terminated) in and to the Hydrocarbons in, on, under, and that may be produced from or are otherwise attributable to the Designated Area, including the lands covered by the leases, subleases, interests and rights described on Exhibit A-1, and any renewals, modifications, supplements, ratifications or amendments to such leases, subleases, interests and rights described on Exhibit A-1 (collectively, the "Leases");

(ii) all Hydrocarbon, water, CO_2, or injection or disposal wells identified on Exhibit A-2 and any and all Hydrocarbon, water, CO_2, or injection or disposal wells located on the Leases or on lands pooled, communitized, or unitized therewith or on the Surface Fee Estates or Rights of Way, including the wells shown on Exhibit A-2, in each case, whether producing, non-producing, permanently or temporarily plugged and abandoned, and whether or not fully described on any exhibit or schedule hereto (the "Wells");

(iii) all pooled, communitized, consolidated or unitized acreage which includes all or part of any Leases, and all tenements, hereditaments, and appurtenances belonging thereto, including, for purposes of clarity, such units more particularly identified on Exhibit A-4 (collectively, the "Units," and, together with the Wells and Leases, the "Properties");

(iv) all currently existing contracts, agreements, and instruments pertaining to the other Assets (to the extent applicable to the other Assets) including operating agreements; unitization, pooling, and communitization agreements; declarations and orders; area of mutual interest agreements; farmin and farmout agreements; exchange agreements; compressor agreements; gathering agreements; agreements for the sale and purchase of Hydrocarbons; disposal agreements; transportation agreements; and processing agreements (the "Contracts"); provided, however, that the term "Contracts" shall not include (x) the Leases, the Rights of Way and other instruments constituting Seller's chain of title to the applicable Leases or Rights of Way or (y) any master services agreements, drilling contracts and other similar service contracts;

(v) those certain surface fee estates described on Exhibit A-3 ("Surface Fee Estates") and that certain field office described on Exhibit G (the "Field Office");

(vi) all currently existing Permits, to the extent related to the Assets and to the extent transferrable;

(vii) all surface and/or subsurface easements, permits, licenses, servitudes, rights-of-way, leases, rights to explore and drill for, produce, store, gather, transport, use and sell surface and subsurface water and other rights to use the surface appurtenant to, and used or held for use in connection with, the Properties, including those described on Exhibit A-5 (collectively, the "Rights of Way"); provided, however, that the term "Rights of Way" shall not include interests held pursuant to the Leases and other instruments constituting Seller's chain of title to the applicable Leases;

(viii) all surface and subsurface equipment, machinery, fixtures, and other tangible personal property and improvements that are located at, on or under any of the lands covered by or attributable to any of the Properties, Surface Fee Estates or Field Office or are used or held for use in connection with the ownership or operation of the Properties or any of the other Assets or the production, treatment, storage, disposal, or transportation of Hydrocarbons or other substances thereon or therefrom (including all Well and wellhead equipment, casing rods, boilers, tubing, motors, fixtures, pumps, pumping units, Hydrocarbon measurement facilities, flowlines, gathering systems, piping, pipelines, compressors, Hydrocarbons measurement facilities, metering facilities, interconnections, tanks, tank batteries, treatment facilities, injection facilities, disposal facilities, compression facilities, processing and separation facilities, platforms, SCADA equipment, frac tanks and ponds and other materials, supplies, inventory, facilities, machinery, equipment and similar personal property (both surface and subsurface)) (collectively, the "Equipment");

(ix) all Hydrocarbons produced from, or attributable to, the Assets from and after the Effective Date; all Hydrocarbon inventories from or attributable to the Assets that are in storage or existing in stock tanks, pipelines and/or plants on the Effective Date (including inventory and line fill); and, to the extent related or attributable to the Assets, all production, plant, and transportation imbalances (provided, however, that Purchaser's rights to the inventories and imbalances described in this subsection (ix) shall be satisfied solely pursuant to Sections 2.3(c) and 2.3(d));

(x) except to the extent related to any of the Retained Obligations, all (A) trade credits, accounts receivable, take-or-pay amounts receivable, and other receivables and general intangibles, to the extent attributable to the other Assets for periods of time from and after the Effective Date, (B) liens and security interests in favor of Seller or any of its Affiliates under any Law or Contract to the extent arising from, or relating to, the ownership, operation, or sale or other disposition on or after the Effective Date of any of the other Assets or to the extent arising in favor of Seller with respect to any Asset or any Assumed Obligation for which Purchaser is providing indemnification hereunder, (C) indemnity, contribution, and other such rights in favor of Seller or any of its Affiliates arising under any of the other Assets to the extent attributable to such other Assets for periods of time from and after the Effective Date or related to any Assumed Obligation hereunder, including rights to contribution under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, breaches of statutory or implied warranties, nuisance or other tort actions, rights to punitive damages, common Law rights of contribution and all rights and remedies of any kind arising under or with respect to any Contracts ((1) whether related to periods of time occurring before, on or after the Effective Date and (2) including audit and other similar rights (including, for purposes of clarity, the right to receive adjustments, refunds or other proceeds related to or payable in connection with the exercise of any such rights)) and (D) rights, remedies, claims, demands, interests or causes of action whatsoever, at Law or in equity, known or unknown, of Seller or any of its Affiliates against any third Person to the extent related to (1) the Assets or periods of time from and after the Effective Date or (2) any Assumed Obligation, and, where necessary to give effect to the assignment, conveyance and/or transfer of any of the foregoing matters described in this Section 1.2(c)(x), Seller grants to Purchaser the right to be subrogated thereto, except, in each case, to the extent relating to any of the Retained Obligations; and

(xi) originals, to the extent available, otherwise copies (including electronic copies) of files, records, information and data in Seller's or any of its Affiliates' possession or control and to the extent relating or relevant to Seller's ownership and/or operation of all or any portion of any of the Assets, including all books, records, data, files, information, drawings, maps, lease files, land files, surveys, division order files, abstracts, muniments of title, title opinions, title curative documents and other title information, contract files, well logs and other similar files, well and equipment telemetry data, wellbore schematics, shape files, the G&G Data, production data, well, operation and accounting data and records, workover, artificial lift conversion and downtime history, KMZ files, and engineering, exploration and other technical data and information (excluding any interpretive data or other technical analysis) that relates or is relevant to any of the Assets (including, for purposes of clarity, the ownership or operation thereof), but excluding, in each case:

(A) all corporate, financial, Tax, and legal data and records of Seller that relate to Seller's business generally (whether or not relating to the Assets) or to Seller's business (including all Income Tax data and records), operations, assets, and properties to the extent not related to or part of the Assets;

(B) any data, software, and records to the extent disclosure or transfer is prohibited or subjected to payment of a fee or other consideration by any license agreement or other agreement, or by applicable Law, and for which no consent to transfer has been received and/or for which Purchaser has not agreed in writing to pay the fee or other consideration, as applicable;

(C) all legal records and legal files of Seller, including all work product of, and attorney-client communications with, Seller's legal counsel (other than Leases, title opinions, and Contracts, which shall, for purposes of clarity, be included in the Assets);

(D) data and records relating to the sale of the Assets, including communications with the advisors or other Representatives of Seller or any member of Seller Group;

(E) any data and records relating to the Excluded Assets or assets and properties to the extent they do not constitute Assets under this Agreement; and

(F) those original data and records retained by Seller pursuant to Section 12.5.

(Clauses (A) through (F) shall hereinafter be referred to as the "Excluded Records" and subject to such exclusions, the data, software and records described in this Section 1.2(c)(xi) are referred to herein as the "Records.").

(d) "barrel" means forty-two (42) U.S. gallons.

(e) "Base of the Wolfcamp A" means the stratigraphic equivalent of 7,630 feet measured depth as recorded in the Howard Co SELF Type Log run in the Sabalo Operating LLC Texas Pacific #1 Boyles well (API 42-227-03652) located 660' FNL & 620' FEL of Section 15, BLK 32, 2 or at coordinates X= 772910 Y= 308919 in Howard County, Texas.

(f) "Business Day" means any day other than a Saturday, a Sunday, or a day on which banks are closed for business in Houston, Texas, United States of America.

(g) "Code" means the United States Internal Revenue Code of 1986, as amended.

(h) "Confidentiality Agreement" means that certain Confidentiality Agreement dated as of February 22, 2021 by and between Purchaser and Seller, as amended from time to time.

(i) "Cut-Off Date" means five o'clock p.m. in Houston, Texas on the date that is twelve (12) months following the Closing Date.

(j) "Designated Area" means Howard and Borden Counties, Texas.

(k) "Effective Date" means 12:01 a.m. in Houston, Texas on April 1, 2021.

(l) "EnCap Fund IX" means EnCap Energy Capital Fund IX, L.P., a Texas limited partnership.

(m) "EnCap Indemnitees" means EnCap Fund IX, EnCap, any Person that directly or indirectly controls EnCap Fund IX and/or EnCap and of the respective Representatives of any of the foregoing Persons, but excluding any Person that is a portfolio company of any of the foregoing and any Person that is controlled by any such portfolio company.

(n) "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701 et seq.; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001 et seq.; and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j, in each case as amended to the date hereof, and all similar Laws, including common law, as of the Execution Date of any Governmental Authority having jurisdiction over the property in question addressing pollution or protection of the environment, biological or cultural resources, exposure to pollution or chemicals in the environment or protection of occupational safety and all regulations implementing the foregoing.

(o) "Environmental Matters" means (i) the terms of Article 3, (ii) Seller's representations and warranties in Sections 4.2 and 4.15, (iii) Seller's covenants and agreements pursuant to Section 6.4, (iv) the Retained Obligations and (v) Seller's liability and indemnification obligations with respect to (including, for purposes of clarity, Purchaser's right to indemnification pursuant to Article 11 with respect to) any (A) breach or inaccuracy, as applicable, of any such representations and warranties, covenants or agreements or (B) any Retained Obligations (including, for purposes of clarity, any and all Damages caused by, arising out of, resulting from or related to any of the foregoing matters described in this definition).

(p) "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

(q) "Fraud" means actual and intentional fraud by a Party with respect to the making of the representations and warranties pursuant to Article 4 or Article 5 (as applicable); provided, that such actual and intentional fraud of such Party shall only be deemed to exist if any of the individuals included on Subpart 1 of Schedule K (in the case of Seller) or Subpart 2 of Schedule K (in the case of Purchaser) had Knowledge of the breach or inaccuracy of any such representation(s) and/or warranty(ies) when made by such Party pursuant to Article 4 or Article 5 (as applicable), with the intent of inducing the other Party to enter into this Agreement and upon which such other Party has relied to its detriment (as opposed to any fraud claim based on constructive knowledge, negligent misrepresentation or a similar theory under applicable Law).

(r) "G&G Data" means all geological or geophysical information constituting proprietary data, studies, core samples, maps, related technical data and any other geological or geophysical information (in each case excluding any interpretations of Seller made with respect to such information as well as any seismic information of Seller) covering the Properties which Seller is not prohibited by agreement from transferring to Purchaser (other than any such information licensed from non-Affiliate Persons that cannot be transferred without additional consideration to such non-Affiliate Persons and for which Purchaser has not agreed (in its sole discretion) to pay such additional consideration).

(s) "GAAP" means United States generally accepted accounting principles, consistently applied.

(t) "Governmental Authority" means any national, state, county or municipal government and/or government of any political subdivision, and departments, courts, commissions, boards, bureaus, ministries, agencies, or other instrumentalities of any of them.

(u) "Hazardous Substance" shall mean any pollutants, contaminants, toxic or hazardous or extremely hazardous substances, materials, wastes, constituents, compounds or chemicals that are regulated by, or may form the basis of liability under, any Environmental Laws, including NORM, petroleum and any fraction thereof and any other substances referenced in Section 3.4(c).

(v) "Hedge" means any future derivative, swap, collar, put, call, cap, option or other contract that is intended to benefit from, relate to, or reduce or eliminate the risk of fluctuations in interest rates, basis risk or the price of commodities, including hydrocarbons or securities.

(w) "Hydrocarbons" means crude oil, gas, casinghead gas, condensate, natural gas liquids, and other gaseous or liquid hydrocarbons (including ethane, propane, iso-butane, nor-butane, gasoline, and scrubber liquids) of any type and chemical composition.

(x) "Income Taxes" means any U.S. federal, state or local or foreign income Tax or Tax based on profits, net profits, margin, revenues, gross receipts or similar measure.

(y) "Indemnity Holdback Escrow Account" means the escrow account established by the Indemnity Holdback Escrow Agreement.

(z) "Knowledge" (or "known" or other derivatives thereof) means, whether or not capitalized, (i) with respect to Seller, the actual knowledge, without any duty of inquiry or investigation, of any of the individuals listed in Subpart 1 of Schedule K and (ii) with respect to Purchaser the actual knowledge, without any duty of inquiry or investigation, of any of the individuals listed in Subpart 2 of Schedule K.

(aa) "Laws" means all laws, statutes, rules, regulations, ordinances, orders, decrees, writs, injunctions, requirements, judgments, and codes of Governmental Authorities.

(bb) "Material Consent" means a consent by a third Person (i) that if not obtained prior to the assignment of an Asset, (A) voids or nullifies (automatically or at the election of the holder thereof) the assignment, conveyance or transfer of such Asset, (B) terminates (or gives the holder thereof the right to terminate) any material rights in the Asset subject to such consent, or (C) requires payment of a fee or liquidated damages or (ii) that has affirmatively been denied in writing (except for any such consent that is otherwise waived in writing by Purchaser); provided, however, that "Material Consent" does not include (x) any consent or approval of Governmental Authorities customarily obtained after Closing or (y) any consent which by its express terms cannot be unreasonably withheld, even if such consent has been affirmatively denied in writing.

(cc) "Material Contract" means, to the extent binding on the Assets or Purchaser's ownership thereof after Closing, any Contract which is one or more of the following types:

(i) Contracts between Seller, on the one hand, and any Affiliate of Seller, on the other hand, which will be binding on or otherwise burden Purchaser or any of the Assets after the Closing;

(ii) Contracts for the sale, purchase, exchange, or other disposition of Hydrocarbons produced from or allocable to the Properties which are not cancelable without penalty to, or material payment by Seller, its Affiliates, or its or their permitted successors and assigns, on sixty (60) days' or less prior written notice;

(iii) To the extent currently pending, Contracts to sell, lease, farmout, exchange, or otherwise dispose of all or any part of the Assets at any time from and after the Effective Date, but excluding conventional rights of reassignment upon intent to abandon any Asset;

(iv) Contracts for the gathering, treatment, processing, storage or transportation of Hydrocarbons, which are not cancelable without penalty to or material payment by Seller, its Affiliates, or its or their permitted successors and assigns, on sixty (60) days' or less prior written notice;

(v) Contracts that are joint operating agreements, unit operating agreements, exploration agreements, development agreements, participation agreements, joint venture agreements, area of mutual interest agreements (or that contain area of mutual interest agreements or similar provisions), farmin agreements, farmout agreements, non-compete agreements, production sharing agreements, exchange agreements, pooling agreements or other similar agreements, including any agreement with any express drilling or development obligations to the extent the same have not been fully performed or fulfilled and would be binding on Purchaser and/or the Assets after Closing;

(vi) Contracts requiring Seller or its Affiliates to post guarantees, bonds, letters of credit or similar financial agreements;

(vii) Contracts that provide for a call upon, option to purchase or similar right with respect to any of the Assets (including any Hydrocarbons produced therefrom or allocated thereto);

(viii) Contracts that are sale lease-back agreements, indentures, loan agreements, credit agreements, security agreements, mortgages, promissory notes or similar financial agreements that will be binding on, or result in a lien or other encumbrance on, any of the Assets after the Closing;

(ix) Contracts for salt water or fresh water disposal, gathering, processing, transportation or other similar agreements, or any water rights or water source agreements, which are not cancelable without penalty to or material payment by Seller, its Affiliates, or its or their permitted successors and assigns, on sixty (60) days' or less prior written notice;

(x) Contracts containing "tag-along" or "drag-along" rights, preferential rights or other similar rights of, or applicable to, any Person, including, without limitation, any "change of control" or other similar provision;

(xi) Contracts that constitute a lease under which Seller is the lessor or the lessee of real or personal property which lease (A) cannot be terminated by Seller without penalty or material payment upon sixty (60) days' or less prior written notice and (B) involves (x) an annual base rental of more than One Hundred Thousand Dollars ($100,000) or (y) the payment of more than One Hundred Thousand Dollars ($100,000) in the aggregate (net to Seller's interest); and

(xii) All other Contracts that can reasonably be expected to involve aggregate payments by, or aggregate proceeds or revenues to, Seller or any of its Affiliates in excess of One Hundred Thousand Dollars ($100,000) during the current year or any subsequent fiscal year.

(dd) "Net Acre" means, as calculated separately with respect to each Lease identified on Exhibit A-1 as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), (i) the number of gross acres of land covered by such Lease, multiplied by (ii) the lessor's undivided interest in the Hydrocarbons in the lands covered by such Lease, multiplied by (iii) Seller's undivided interest in such Lease; *provided*, *however*, if items (ii) and (iii) vary as to different areas of the lands covered by such Lease, a separate calculation shall be performed with respect to each such area.

(ee) "Net Revenue Interest" means, (i) with respect to any Well, Seller's interest (expressed as a percentage or a decimal) in and to the Hydrocarbons produced and saved or sold from or allocated to such Well from those formations from which such Well is currently producing, or with respect to a Well that is not currently producing, the last depth or formation at which it produced, or (ii) with respect to the Target Interval as to any Lease (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), Seller's interest (expressed as a percentage or a decimal) in and to the Hydrocarbons produced and saved or sold from or allocated to such Lease with respect to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), in each case of items (i) and (ii), after giving effect to all Royalties.

(ff) "NYSE" means the New York Stock Exchange.

(gg) "Per Share Value" means $35.90, subject to adjustment as provided in Section 2.1(c).

(hh) "Person" means any individual, corporation, partnership, limited liability company, trust, estate, Governmental Authority, or any other entity.

(ii) "Property Costs" means, without duplication, (x) all operating expenses (including costs of insurance (solely to the extent any such insurance costs are premiums that are paid with respect to the period of time between the Effective Date and the Closing Date), rentals, shut-in payments and other similar lease maintenance payments called for by the Leases (solely to the extent any such rentals, shut-in payments or other lease maintenance payments are identified and described in Schedule PC as of the Execution Date), title examination and title curative actions (excluding any title examination and/or curative costs paid or incurred in connection with, or with respect to, any Title Defects asserted pursuant to this Agreement, any special warranty claims made pursuant to the Assignment and Bill of Sale or Deed or with respect to curing any breach of any of Seller's representations or warranties), and overhead costs charged by any Third Party operator of any of the Assets) and capital expenditures (including bonuses, broker fees, and other Lease acquisition costs, costs of drilling and completing wells, and costs of acquiring equipment, in each case, solely to the extent such costs or expense are paid and/or incurred in accordance with Section 6.4 and/or in connection with the matters more particularly described in Schedule 6.10 as of the Execution Date), in each case, paid or payable to Third Parties and incurred in the ownership and operation of the Assets in the ordinary course of business and (y) any overhead costs of Seller attributable to Seller's ownership and operation of the Assets in the ordinary course of business that is not reimbursed to Seller by any other Person (if, and solely to the extent, such overhead costs are described in Section 2.3(f)(ii), which overhead costs shall be calculated and determined in accordance with Section 2.3(f)(ii)), but excluding (without limitation), in each case, any and all liabilities, losses, costs, expenses, and Damages arising out of or otherwise attributable or related to:

(i) claims, investigations, administrative proceedings, arbitration or litigation directly or indirectly arising out of or resulting from actual or claimed personal injury, illness or death; property damage; environmental damage or contamination; other torts; private rights of action given under any Law; or violation of any Law;

(ii) obligations to plug and/or abandon wells, dismantle, decommission or remove facilities or any other Asset;

(iii) obligations to remediate any contamination of groundwater, surface water, soil, sediments, or Equipment or that otherwise affect or relate to any of the Assets;

(iv) title and environmental claims (including claims that Leases have terminated and any Title Defect or Environmental Defect claims asserted pursuant to this Agreement);

(v) obligations to pay working interests, Royalties, and other revenues or proceeds attributable to sale of Hydrocarbons to Third Parties (including any applicable Suspense Funds and escheat related thereto), as well as claims of improper calculation or payment of same;

(vi) gas balancing and other production balancing obligations;

(vii) any Casualty Loss (including any mitigation, repair, replacement or restoration costs related thereto);

(viii) Taxes (including Asset Taxes);

(ix) obligations with respect to Hedges;

(x) obligations to pay (A) any rentals, shut-in royalties or other similar lease maintenance payments that are not identified and described in Schedule 4.17(e) as of the Execution Date, (B) any bonuses, broker fees and other Lease acquisition costs, costs of drilling and completing wells and costs of acquiring equipment that are not paid and/or incurred (x) in accordance with Section 6.4 or (y) in connection with the matters more particularly described in Section 6.10 as of the Execution Date and (C) any transfer or similar fees associated with the assignment of the Assets from Seller to Purchaser pursuant to this Agreement;

(xi) any of the Retained Obligations (except any such Retained Obligation described in Section 11.2(b) that results in an adjustment to the Purchase Price pursuant to Section 2.3 or a turnover obligation pursuant to Section 2.4) or any other matters for which Seller has an indemnity obligation under this Agreement;

(xii) any general and administrative and/or overhead costs that are not (A) charged by Third Parties pursuant to an applicable joint operating agreement or (B) described and calculated and determined in accordance with Section 2.3(f)(ii); and

(xiii) any claims for indemnification, contribution, or reimbursement from any Third Party with respect to liabilities, losses, costs, expenses and Damages of the type described in preceding clauses (i) through (xii), whether such claims are made pursuant to contract or otherwise.

(jj) "Purchase Price" means the sum of the (i) the Cash Purchase Price and (ii) the product of (A) the Stock Purchase Price multiplied by (B) the Per Share Value.

(kk) "Purchaser Common Stock" means the common stock, par value $0.01 per share, of Purchaser.

(ll) "Purchaser Fundamental Representations" means the representations and warranties of Purchaser set forth in Sections 5.1, 5.2, 5.3, 5.4(a), 5.6, 5.7, 5.17 and 5.19.

(mm) "Purchaser Material Adverse Effect" means any event, condition, change, development, circumstance or set of facts that, individually or in the aggregate with any other such events, conditions, changes, developments, circumstances or sets of facts, has, has had, or would reasonably be expected to have, a material adverse effect on (a) the business, financial condition or results of operations of the Purchaser, or (b) the ability of Purchaser to consummate the Transactions contemplated hereby; provided, however, that the term "Purchaser Material Adverse Effect" shall not include effects (except, in the case of clauses (i) through (vi) and (viii) below, to the extent such effects have a disproportionate materially adverse impact on Purchaser relative to other Persons operating in the same industry and geographic area in which Purchaser operates) resulting from (i) general changes in oil and gas prices; (ii) general changes in economic or political conditions or markets; (iii) changes in condition or developments (including changes in applicable Law) generally applicable to the oil and gas industry; (iv) acts of God, including storms and natural disasters; (v) acts or failures to act of Governmental Authorities (where not caused by the willful or negligent acts of Purchaser or its Affiliates); (vi) the outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war, civil unrest or similar disorder or terrorist acts; (vii) any occurrence, condition, change, event or effect resulting from or relating to the announcement or pendency of the Transactions; (viii) any change in GAAP, or in the interpretation thereof; (ix) any epidemic, pandemic, or widespread disease outbreak (including the COVID-19 virus), or, in each case, any changes, restrictions or additional health or security measures imposed by a Governmental Authority in connection therewith; (x) any occurrence, condition, change, event or effect resulting from compliance by Purchaser with the terms of this Agreement and each other Transaction Agreement, or actions expressly permitted by this Agreement or expressly at or with the written consent of Seller; (xi) any change, in and of itself, in the market price or trading volume of Purchaser Common Stock or any other securities of Purchaser or any of its subsidiaries; and (xii) any legal proceeding brought or threatened by shareholders of Purchaser (whether on behalf of Purchaser or otherwise) asserting allegations of breach of fiduciary duty arising out of or relating to (A) violations of securities Laws in SEC Documents or (B) this Agreement or the Transactions contemplated hereby.

(nn) "Registration Rights Agreement" means the Registration Rights Agreement, substantially in the form attached hereto as Exhibit C, to be executed and delivered by Purchaser and Seller at Closing.

(oo) "Reimbursement Agreement" means the Reimbursement Agreement, substantially in the form attached hereto as Exhibit H, to be executed and delivered by Purchaser and Seller at Closing.

(pp) "Representatives" means, with respect to a Person, such Person's Affiliates and its and their respective directors, officers, partners, investors, members, managers, employees, financing sources, agents and advisors (including attorneys, accountants, consultants, bankers, financial advisors, brokers, and any representatives of those advisors).

(qq) "Restrictive Covenant Agreement" means each Restrictive Covenant Agreement, substantially in the form attached hereto as Exhibit D, to be executed and delivered at Closing by Purchaser and each Person identified on Schedule RP (each, a "Restricted Person"), respectively.

(rr) "Royalties" means all royalties, overriding royalties, reversionary interests, net profit interests, production payments, carried interests, non-participating royalty interests, reversionary interests and other royalty burdens and other similar interests payable out of production of Hydrocarbons from or allocated to the Properties or the proceeds thereof to third Persons.

(ss) "Sabalo-Shad Transaction Documents" means, collectively, (i) that certain Farmout and Development Agreement by and between Sabalo Energy and Shad dated November 21, 2017 (as amended, modified and/or supplemented from time to time, the "Shad Farmout Agreement"), (ii) the tax partnership agreement entered into by and between Sabalo Energy and Shad with respect to the Shad Tax Partnership (as amended, modified and/or supplemented from time to time, the "Shad TPA") and (iii) all other agreements, documents, instruments and memoranda that were executed, delivered, filed and/or recorded by or on behalf of Sabalo Energy, Shad or any of their respective Affiliates in connection with or with respect to, pursuant to or in connection with the Shad Farmout Agreement, the Shad TPA and/or any of the transactions contemplated thereby, but excluding, in the case of this clause (iii), (A) any assignments in Seller's chain of title relating to the Shad Farmout Agreement and (B) any joint operating agreements entered into in connection with the Shad Farmout Agreement that burden the Wells.

(tt) "SEC" means the United States Securities and Exchange Commission.

(uu) "Securities Act" means the United States Securities Act of 1933, as amended.

(vv) "Seller Fundamental Representations" means the representations and warranties of Seller set forth in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(d)(i), 4.9 and 4.10.

(ww) "Seller Material Adverse Effect" means any event, condition, change, development, circumstance or set of facts that, individually or in the aggregate with any other such events, conditions, changes, developments, circumstances or sets of facts, has, has had or would reasonably be expected to have, a material adverse effect on (a) the ownership, operation, or financial condition of the Assets, taken as a whole, or (b) the ability of Seller to consummate the Transactions contemplated hereby; provided, however, that the term "Seller Material Adverse Effect" shall not include effects (except, in the case of clauses (i) through (vi) and (viii) below, to the extent such effects have a disproportionate materially adverse impact on (x) Seller relative to other Persons operating in the same industry and geographic area in which Seller operates or (y) the Assets relative to similar Assets within the same geographic area in which the Assets are located) resulting from (i) general changes in oil and gas prices; (ii) general changes in economic or political conditions or markets; (iii) changes in condition or developments (including changes in applicable Law) generally applicable to the oil and gas industry; (iv) acts of God, including storms and natural disasters; (v) acts or failures to act of Governmental Authorities (where not caused by the willful or negligent acts of Seller or its Affiliates); (vi) the outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war, civil unrest or similar disorder or terrorist acts; (vii) any occurrence, condition, change, event or effect resulting from or relating to the announcement or pendency of the Transactions; (viii) any change in GAAP, or in the interpretation thereof; (ix) any epidemic, pandemic, or widespread disease outbreak (including the COVID-19 virus), or, in each case, any changes, restrictions or additional health or security measures imposed by a Governmental Authority in connection therewith and (x) any occurrence, condition, change, event or effect resulting from compliance by Seller with the terms of this Agreement and each other Transaction Agreement, or actions expressly permitted by this Agreement or expressly at or with the written consent of Purchaser.

(xx) "Seller Taxes" means any and all (i) Income Taxes imposed by any applicable Laws on Seller or any of its Affiliates or any affiliated, combined, consolidated, unitary or similar group with respect to Taxes of which any of the foregoing is or was a member, (ii) Asset Taxes allocable to Seller pursuant to Section 9.1 (taking into account, and without duplication of, such Asset Taxes effectively borne by Seller (A) as a result of the adjustments to the Purchase Price pursuant to Section 2.3 or (B) in connection with the provisions of Section 11.4, as applicable), (iii) Taxes imposed on or with respect to the ownership or operation of the Excluded Assets, and (iv) other Taxes imposed on or with respect to the acquisition, ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom for a Tax period (or portion thereof) ending before the Effective Date.

(yy) "Shad" means Shad Permian, LLC, a Delaware limited liability company.

(zz) "Shad PSA" means that certain Purchase and Sale Agreement entered into contemporaneously with this Agreement by and between Purchaser and Shad (as the same may be amended, modified and/or supplemented from time to time).

(aaa) "Standstill Agreement" means the Standstill Agreement, substantially in the form attached hereto as Exhibit F, to be executed and delivered by each of Purchaser, Seller and EnCap at Closing.

(bbb) "Straddle Period" means any tax period beginning before and ending on or after the Effective Date.

(ccc) "Suspense Funds" means all positive funds held in suspense (including positive funds held in suspense for unleased interests) by Seller or its Affiliates that are attributable to the Assets.

(ddd) "Target Interval" means the stratigraphic interval between the Top of the Lower Spraberry and the Base of the Wolfcamp A.

(eee) "Tax" or "Taxes" means all federal, state, local and foreign income, profits, franchise, sales, use, ad valorem, property, severance, production, conservation, excise, stamp, documentary, real property transfer or gain, gross receipts, goods and services, registration, capital, transfer or withholding taxes or other governmental fees or charges in the nature of a tax imposed by any taxing authority, including any interest, penalties or additional amounts imposed with respect thereto, and any liability in respect of the foregoing arising by reason of a contract, assumption, transferee or successor liability, operation of law (including by reason of being a member of a consolidated, combined or unitary group) or otherwise.

(fff) "Tax Proceeding" has the meaning provided in Section 9.7.

(ggg) "Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

(hhh) "Third Party" means any Person other than Seller and Purchaser and their respective Affiliates.

(iii) "Title Matters" means (a) the terms of Article 3, (b) the special warranty of Defensible Title in the Assignment and Bill of Sale and the special warranty of title in the Deed, (c) Seller's representations and warranties in Sections 4.2, 4.7, 4.8, 4.11(a), 4.11(e), 4.12, 4.13(b), 4.17, 4.21, 4.22(b) and 4.23(b), (d) Seller's covenants and agreements pursuant to Section 6.4, (e) the Retained Obligations described in Sections 11.2(g) and 11.2(i) and (f) Seller's liability and indemnification obligations with respect to (including, for purposes of clarity, Purchaser's right to indemnification pursuant to Article 11 with respect to) any (A) breach or inaccuracy, as applicable, of any such representations and warranties, covenants or agreements or (B) the Retained Obligations described in Sections 11.2(g) and 11.2(i) (including, for purposes of clarity, any and all Damages caused by, arising out of, resulting from or related to any of the foregoing matters described in this definition).

(jjj) "Top of the Lower Spraberry" means the stratigraphic equivalent of 6,960 feet measured depth as recorded in the Howard Co SELF Type Log run in the Sabalo Operating LLC Texas Pacific #1 Boyles well (API 42-227-03652) located 660' FNL & 620' FEL of Section 15, BLK 32, 2 or at coordinates X= 772910 Y= 308919 in Howard County, Texas.

(kkk) "Transaction Agreements" means this Agreement and each other agreement or instrument to be executed and delivered pursuant hereto at the Closing.

(lll) "Transactions" means the transactions contemplated by this Agreement and the other Transaction Agreements.

(mmm) "Transfer Taxes" means any excise, sales, purchase, transfer, stamp, documentary, filing, registration, use or other similar Taxes or fees, and costs or expenses of preparing and filing any related Tax Returns, incurred as a result of or with respect to the sale of the Assets pursuant to this Agreement.

(nnn) "Transition Services Agreement" means the Transition Services Agreement, substantially in the form attached hereto as Exhibit E, to be executed and delivered by Purchaser and Seller at Closing.

(ooo) "Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury, whether in proposed, temporary or final form.

(ppp) "Unadjusted Purchase Price" means the sum of the (i) the Unadjusted Cash Purchase Price and (ii) the product of (A) the Stock Purchase Price multiplied by (B) the Per Share Value.

(qqq) "Unapproved Exception" means, with respect to any Lease as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), Well or other applicable Asset, as applicable, any fact(s), circumstance(s), or other matter(s) that, individually or in the aggregate, (i) operate to reduce Seller's Net Revenue Interest for any Lease or Well to an amount below the Net Revenue Interest set forth in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well, (ii) operate to increase Seller's Working Interest for any Lease or Well to an amount greater than the Working Interest set forth in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well (in each case, except to the extent the Net Revenue Interest for such Lease or Well is greater than the Net Revenue Interest set forth Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well in the same or greater proportion as the cumulative increase in Seller's Working Interest therefor), (iii) with respect to a Lease only, result in the amount of Net Acres covered by or attributable to Seller's interest in and to such Lease to be less than the amount of Net Acres set forth for such Lease on Exhibit A-1 or (iv) impair, or would reasonably be expected to impair, in any material respect, the ownership, operation, and/or use of the affected Asset(s) subject thereto or affected thereby as currently owned, operated and/or used by Seller or any of its Affiliates or as would otherwise be owned, operated and/or used by a reasonably prudent owner and/or operator of assets similar to such Asset(s) and located in the same geographic area as such Asset(s), as applicable.

(rrr) "Working Interest" means, with respect to any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, the interest (expressed as a percentage or a decimal) that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations for, on or in connection with such Lease (solely with respect to the Target Interval and expect as otherwise expressly set forth in Exhibit A-1 with respect to such Lease), or Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced), in each case, without regard to the effect of any Royalties.

1.3 **Excluded Assets**. Notwithstanding anything to the contrary in Section 1.2 or elsewhere in this Agreement, the "Assets" shall not include any rights with respect to the Excluded Assets. "Excluded Assets" means the following:

(a) all of Seller's right, title, and interest in and to any fee Hydrocarbon and mineral interests, royalties, overriding royalties, net profit interests, non-participating royalty interests, and other royalty burdens located within the Designated Area *insofar, and only insofar*, as the exclusion of any such right, title and/or interest in or to any such fee Hydrocarbon and mineral interest, royalty, overriding royalty, net profit interest, non-participating royalty interest or other royalty burden located within the Designated Area does not, individually or in the aggregate, reduce Seller's (or Purchaser's, as Seller's successor-in-interest) (i) Net Revenue Interest in or to any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) to an amount that is less than the lesser of (x) seventy-five percent (75%) (proportionately reduced) and (y) the Net Revenue Interest set forth in Exhibit A-1 with respect to such Lease or (ii) Net Acres in and to such Lease to an amount that is less than the Net Acres set forth in Exhibit A-1 with respect to such Lease;

(b) the Excluded Records;

(c) any interpretations of Seller made with respect to any G&G Data, as well as copies of the Records retained by Seller pursuant to Section 12.5, including, for the avoidance of doubt, copies of all geological, geophysical and similar data and studies other than any such data and/or studies constituting or included in the G&G Data

(d) Assets excluded from this Agreement pursuant to Sections 3.4(a), 3.7(d), 3.12 or 3.13;

(e) subject to Section 11.5, all contracts of insurance and all claims, rights and interests of Seller or any Affiliate of Seller (i) under any policy or agreement of insurance or indemnity agreement, (ii) under any bond or security instrument, or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events, or damage to or destruction of an Asset prior to the Effective Date and to the extent not related to any of the Assumed Obligations;

(f) all of Seller's proprietary computer software, patents, trade secrets, copyrights, logos, trademarks, trade names, and other intellectual property;

(g) except for the Field Office, Seller's interests in offices, office leases and buildings;

(h) any leased equipment and other leased personal property of Seller if such equipment or property, or the Contract pursuant to which it was leased, is not freely transferrable without payment of a fee or other consideration, unless Purchaser has agreed in writing to pay such fee or consideration;

(i) except to the extent described in sub-clause (x) of the definition of "Assets" or otherwise related to any Assumed Obligation, all indemnity and contribution rights, rights under any Contracts and all other rights and claims of Seller or any Affiliate of Seller against any third Person to the extent related or attributable to, periods on or prior to the Effective Date (including claims for adjustments or refunds with respect to amounts paid or incurred by Seller) or for which Seller is liable for payments or required to indemnify Purchaser under Article 11 (whether or not such claims are pending or threatened as of the Execution Date or the Closing Date);

(j) except to the extent described in sub-clause (x) of the definition of "Assets" or otherwise related to any Assumed Obligation, all audit rights, and rights to reimbursement with respect to, all costs and revenues associated with joint interest audits and other audits of Property Costs covering periods for which Seller is in whole or in part responsible for the Assets, which adjustments arising from such audits are paid or received prior to the Cut-Off Date; provided, however, that such audit rights and rights to reimbursement shall be deemed to be included within the Assets for all purposes from and after the Cut-Off Date (unless any applicable joint interest audit is initiated by a Third Party prior to the Cut-Off Date, in which case such audit rights (solely with respect to the subject matter of any such joint interest audit) shall not terminate on the Cut-Off Date and shall continue until reasonably resolved);

(k) any refunds, claims for refunds or rights to receive refunds from any Governmental Authority with respect to Taxes that are Seller Taxes (solely to the extent such Seller Taxes are actually paid or economically borne by Seller);

(l) refunds relating to the overpayment of royalties by or on behalf of Seller to any Governmental Authority, to the extent relating to royalties paid with respect to Hydrocarbon production prior to the Effective Date, whether received before, on, or after the Effective Date; provided, however, that such refunds shall be deemed to be included within the Assets for all purposes from and after the Cut-Off Date;

(m) except with respect to Equipment located at, on or in the Field Office, all other office equipment, computers, cell phones, pagers and other hardware, personal property, and equipment that relate primarily to Seller's business generally, even if otherwise relating to the business conducted by Seller with respect to the Assets;

(n) subject to Section 2.4 and except as otherwise related to any Assumed Obligation, all trade credits, accounts receivable, take-or-pay amounts receivable, and other receivables and general intangibles, to the extent attributable to the Assets for periods of time prior to the Effective Date;

(o) whether or not relating to the Assets, any master service agreements, drilling contracts, or similar service contracts;

(p) Seller's vehicles;

(q) solely to the extent the closing of the transactions contemplated by the Shad PSA occur contemporaneously with the Closing hereunder, the Sabalo-Shad Transaction Documents; and

(r) any other assets, contracts or rights which are specifically identified or described on Schedule 1.3.

ARTICLE 2
PURCHASE PRICE

2.1 Purchase Price.

(a) Subject to the terms and conditions set forth in this Agreement, the total purchase price to be paid for the Assets shall consist of (i) cash in the amount of Five Hundred Fifty-Four Million Three Hundred Fifty-One Thousand Seven Hundred Nine and NO/100 Dollars ($554,351,709.00) (such amount of cash, the "Unadjusted Cash Purchase Price"), adjusted as provided in Section 2.3 (the Unadjusted Cash Purchase Price as so adjusted pursuant to Section 2.3, the "Cash Purchase Price"), and (ii) Two Million Two Hundred Twenty-Five Thousand Nine Hundred Thirty (2,225,930) shares of Purchaser Common Stock (such number of shares of Purchaser Common Stock, as adjusted pursuant to Section 2.1(c) if applicable, the "Stock Purchase Price").

(b) Not later than two (2) Business Days following the Execution Date, Purchaser will deliver or cause to be delivered to an account (the "Deposit Escrow Account") at ZIONS BANCORPORATION, NATIONAL ASSOCIATION DBA AMEGY BANK (the "Escrow Agent"), a wire transfer in the amount equal to ten percent (10%) of the Unadjusted Purchase Price in same-day funds (such amount, the "Deposit") to be held, invested, and disbursed in accordance with the terms of this Agreement and an escrow agreement dated as of the Execution Date among Seller, Purchaser, and Escrow Agent (the "Deposit Escrow Agreement").

(c) If, at any time on or after the Execution Date and prior to the Closing Date, (i) Purchaser effects any (1) dividend on shares of Purchaser Common Stock in the form additional shares of Purchaser Common Stock, (2) subdivision or split of any shares of Purchaser Common Stock, (3) combination or reclassification of shares of Purchaser Common Stock into a smaller number of shares of Purchaser Common Stock or (4) issuance of any securities by reclassification of shares of Purchaser Common Stock (including any reclassification in connection with a merger, consolidation or business combination in which Purchaser is the surviving Person) or (ii) any merger, consolidation, combination or other transaction is consummated pursuant to which shares of Purchaser Common Stock are converted to cash or other securities (any event described in the foregoing clauses (i) and (ii), a "Reclassification Event"), then the Stock Purchase Price and the Per Share Value shall be proportionately adjusted, including, for the avoidance of doubt, in the cases of clauses (i)(4) and (ii) to provide for the receipt by Seller, in lieu of any shares of Purchaser Common Stock constituting the Stock Purchase Price, the same number or amount of cash and/or securities as is received in exchange for each share of Purchaser Common Stock in connection with any such transaction described in clauses (i)(4) and (ii) of this Section 2.1(c).

2.2 Allocated Values. Schedule 2.2 sets forth the agreed allocation of the Unadjusted Purchase Price among the Assets. The "Allocated Value" for any Property equals the portion of the Unadjusted Purchase Price that is allocated to such Property on Schedule 2.2. Seller has accepted such Allocated Values for purposes of this Agreement and the transactions contemplated hereby, but otherwise makes no representation or warranty as to the accuracy of such values.

2.3 Adjustments to Cash Purchase Price. The Unadjusted Cash Purchase Price shall be adjusted as follows (without duplication), but (x) in the case of Sections 2.3(c), 2.3(d) and 2.3(e), only to the extent identified on or before the Cut-Off Date; and (y) in the case of Section 2.3(f), only to the extent paid or received, as applicable, on or before the Cut-Off Date:

(a) decreased in accordance with Section 3.8;

(b) decreased as a consequence of Assets (or any portions thereof) excluded from the transactions contemplated by this Agreement as set forth in Sections 3.4(a), 3.7(d), 3.12 or 3.13;

(c) with respect to production, pipeline, storage, processing, or other imbalances or overlifts, (i) decreased (for amounts owed by Seller or any of its Affiliates to any third Person as of the Effective Date) or (ii) increased (for amounts owed by any third Person to Seller or any of its Affiliates as of the Effective Date), as applicable, (A) in the case of gaseous Hydrocarbons, on the basis of $2.78 per MMBtu, multiplied by the amount of imbalance in MMBtu, (B) in the case of liquid Hydrocarbons (other than NGLs), on the basis of $61.45 per barrel, multiplied by the amount of the imbalance in barrels, (C) in the case of NGLs, on the basis of $27.47 per barrel, multiplied by the amount of the imbalance in barrels (in each case of sub-clauses (i) and (ii) hereof, net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid or that would be payable in connection with sales of oil, gas, or other Hydrocarbons) or (D) by an amount agreed to in writing by the Parties;

(d) increased by the aggregate amount of Seller's share of any merchantable Hydrocarbon inventories produced from or credited to the Properties in storage tanks included in the Assets upstream of delivery points to the relevant purchasers on the Effective Date and based on the quantities in such storage tanks as of the Effective Date (solely to the extent such Hydrocarbon inventories are not sold prior to the Closing Date), multiplied by the Contract price therefor, or, if there is no applicable Contract, (A) in the case of gaseous Hydrocarbons, multiplied by $2.78 per MMBtu, (B) in the case of liquid Hydrocarbons (other than NGLs), multiplied by $61.45 per barrel or (C) in the case of NGLs, on the basis of $27.47 per barrel (in each case, net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid or that would be payable in connection with sales of oil, gas, or other Hydrocarbons);

(e) increased by the net amount of all prepaid expenses attributable to periods from and after the Effective Date (including prepaid insurance costs (solely to the extent attributable to the period between the Effective Date and Closing only), bonuses; rentals; and cash calls to Third Party operators) which have been paid or economically borne by Seller or its Affiliates (solely if, and to the extent, any of the foregoing constitute Property Costs hereunder);

(f) without limiting either Party's rights to indemnification under Article 11, adjusted for proceeds, revenues and other income attributable to the Assets, Property Costs, and certain other costs attributable to the Assets as follows:

(i) decreased by an amount equal to the aggregate amount of the following proceeds and/or revenues received by Seller or any of its Affiliates:

(A) amounts earned from the sale, during the period from and including the Effective Date through but excluding the Cut-Off Date (the "Adjustment Period"), of Hydrocarbons produced from, or attributable or allocable to, the Properties (net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid by or behalf of Seller in connection with sales of oil, gas, or other Hydrocarbons that are not included as Property Costs under Section 2.3(f)(ii); and (z) Property Costs that are otherwise paid or economically borne by Seller in connection with earning or receiving any such proceeds, and excluding the effects of any Hedges); and

(B) other income earned with respect to the Assets during the Adjustment Period (excluding the effects of any Hedges);

(ii) increased by an amount equal to the amount of all Property Costs which are incurred by Seller in the ownership and operation of the Assets from and after the Effective Date but paid to Third Parties or that are otherwise economically borne by or on behalf of Seller or any of its Affiliates on or prior to the Cut-Off Date (including overhead charges for each Well in an amount equal to the overhead charges and rates that Seller or its applicable Affiliate would be entitled to receive in its capacity as "Operator" under any operating agreement actually in effect with one or more Third Parties as of the Effective Date or COPAS accounting procedure applicable to such Well if Seller's interest in such Well were owned by a Third Party rather than Seller (or if there is no such operating agreement, the amounts charged for that Property on the same basis as have been historically charged in the ordinary course of business to Third Parties during the period immediately prior to the Effective Date)), except, in each case, any costs already deducted in the determination of proceeds in Section 2.3(f)(i);

(g) decreased by the amount of Suspense Funds at the Closing, and any interest accrued in escrow accounts for such Suspense Funds;

(h) increased by the amount of Asset Taxes allocated to Purchaser pursuant to Section 9.1 but paid or otherwise economically borne by Seller (or any of its Affiliates);

(i) decreased by the amount of Asset Taxes allocated to Seller pursuant to Section 9.1 but paid or otherwise economically borne by Purchaser (or any of its Affiliates); and

(j) increased by the amount of the Utilized Credit (as such term is defined in the Reimbursement Agreement), if any.

2.4 Certain Ordinary-Course Costs and Revenues.

(a) With respect to revenues earned or Property Costs incurred with respect to the Assets prior to the Effective Date but received or paid, as applicable, after the Effective Date:

(i) Subject to the terms of this Section 2.4, Seller shall be entitled to all amounts earned from the sale, during the period up to but excluding the Effective Date, of Hydrocarbons produced from, or attributable or allocable to, the Properties, which amounts are received after Closing but prior to the Cut-Off Date (net of any (A) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid in connection with sales of Hydrocarbons that are not included as Property Costs under Section 2.4(a)(ii)); and (B) Property Costs that are deducted by the purchaser of production, and to all other income earned with respect to the Assets up to but excluding the Effective Date and received after Closing but on or before the Cut-Off Date.

(ii) Seller shall be responsible for (by payment, through the adjustments to the Purchase Price under this Agreement or otherwise), and entitled to any refunds and indemnities with respect to, all Property Costs incurred prior to the Effective Date; provided, however, that Seller's responsibility for and entitlements to, as applicable, the foregoing shall terminate on the Cut-Off Date.

(b) Purchaser shall be entitled to all amounts earned from the sale, during the period from and after the Effective Date, of Hydrocarbons produced from, or attributable or allocable to, the Properties, and to all other income earned with respect to the Assets from and after the Effective Date, and shall be responsible for (and entitled to any refunds and indemnities with respect to) all Property Costs incurred from and after the Effective Date.

(c) Notwithstanding anything herein to the contrary, without duplication of any adjustments made pursuant to Section 2.3, should Purchaser or any Affiliate of Purchaser receive after Closing, but on or before the Cut-Off Date, any proceeds or other income to which Seller is entitled under Section 2.4(a), Purchaser shall fully disclose, account for, and promptly remit the same to Seller.

(d) Notwithstanding anything herein to the contrary, without duplication of any adjustments made pursuant to Section 2.3, should Purchaser or any Affiliate of Purchaser pay after Closing, but on or before the Cut-Off Date, any Property Costs for which Seller is responsible under Section 2.4(a), Purchaser shall be reimbursed by Seller as promptly as reasonably practicable after receipt of an invoice therefor (regardless of whether such invoice is delivered to Seller before, on or after the Cut-Off Date), accompanied by copies of the relevant vendor or other invoice and proof of payment thereof.

(e) Notwithstanding anything herein to the contrary, without duplication of any adjustments made pursuant to this Article 2, should Seller or any Affiliate of Seller receive after Closing any amounts earned from the sale of Hydrocarbons produced from, or attributable or allocable to, the Properties or other income earned with respect to the Assets for the period of time from and after the Effective Date, Seller shall fully disclose, account for, and promptly remit the same to Purchaser.

(f) Notwithstanding anything herein to the contrary Seller shall have no further entitlement to amounts earned from the sale of Hydrocarbons produced from, or attributable or allocable to, the Properties and other income earned with respect to the Assets, and no further responsibility for Property Costs incurred with respect to the Assets, to the extent (i) an invoice for such amounts has not been received or paid by Purchaser, Seller or any of their respective Affiliates and (ii) a claim for such amounts has not been made, in each case, respectively, on or before the Cut-Off Date.

(g) All adjustments and payments made pursuant to this Article 2 shall be without duplication of any other amounts paid or received under this Agreement.

2.5 Procedures.

(a) For purposes of allocating production (and accounts receivable with respect thereto) under Section 2.3 and Section 2.4, (i) liquid Hydrocarbons shall be deemed to be "from or attributable to" the Properties when they pass through the pipeline flange connecting into the tank batteries related to each Well or, if there are not storage facilities, when they pass through the LACT meter or similar meter at the entry point into the pipelines through which they are transported from such Well, and (ii) gaseous Hydrocarbons shall be deemed to be "from or attributable to" the Properties when they pass through the delivery point sales meters or similar meters at the point of entry into the pipelines through which they are transported. Seller shall use reasonable interpolative procedures to arrive at an allocation of production when exact meter readings or gauging or strapping data are not available.

(b) Surface use or damage fees, insurance premiums (and refunds thereof), and other Property Costs (other than with respect to Asset Taxes, which shall be determined in accordance with Section 9.1) that are paid periodically shall be prorated based on the number of days in the applicable period falling before, or on or after, the Effective Date, but, notwithstanding anything to the contrary in this Agreement, prepaid insurance premiums that constitute Property Costs shall only be Purchaser's responsibility to the extent attributable to the period of time between the Effective Date and the Closing Date.

(c) After Closing, Purchaser shall handle all joint interest audits and other audits of Property Costs covering periods for which Seller is in whole or in part responsible under Section 2.4, provided that, prior to the Cut-Off Date, Purchaser shall not agree to any adjustments to previously assessed costs for which Seller is liable, or any compromise of any audit claims to which Seller would be entitled, without the prior written consent of Seller, such consent not to be unreasonably withheld, conditioned or delayed (and which shall be deemed granted if not affirmatively withheld within five (5) Business Days following receipt of Purchaser's request therefor). Purchaser shall provide Seller with a copy of all applicable audit reports and written audit agreements received by Purchaser and relating to periods for which Seller is partially responsible.

(d) "Earned" and "incurred," as used in Section 2.4 and Section 2.3, shall be interpreted in accordance with accounting recognition guidance under GAAP.

2.6 **Withholding**. Purchaser shall be entitled to deduct and withhold from any consideration otherwise payable or deliverable to Seller such amounts as may be required to be deducted or withheld therefrom under the Code, under any Tax Law, or pursuant to any other applicable Law; provided, that, other than with respect to withholding Taxes owed as a result of the failure of Seller to timely deliver the forms described in Section 8.2(d), Purchaser will use commercially reasonable efforts to (a) notify Seller of any anticipated withholding no later than five (5) Business Days prior to the day on which the applicable consideration is payable or deliverable to, as applicable, Seller, (b) consult with Seller in good faith to determine whether such deduction and withholding is required under applicable Tax Law and (c) reasonably cooperate with Seller to minimize the amount of any applicable withholding. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes as having been paid to Seller.

ARTICLE 3
TITLE AND ENVIRONMENTAL MATTERS

3.1 **Purchaser's Title Review**.

(a) From and after the Execution Date, and pursuant and subject to the terms of Sections 6.1 and 6.5, Purchaser shall have the right to conduct a review of Seller's title to the Assets. The Title Matters and the condition to Closing set forth in Section 7.1(d) (together with any rights and remedies of Purchaser set forth in this Agreement with respect to such condition) provide Purchaser's exclusive remedies with respect to any Title Defects or other deficiencies or defects in Seller's title to the Properties.

(b) Purchaser's rights with respect to title to the Properties pursuant to this Article 3 are limited to the Properties, and, except with respect to, and without limitation of the Title Matters, Seller hereby expressly disclaims and negates any and all other warranties of title whatsoever, whether express, implied, statutory, or otherwise.

(c) The Assignment and Bill of Sale to be executed and delivered by the Parties at Closing (the "Assignment and Bill of Sale") shall be in the form attached hereto as Exhibit B-1, and shall contain a special warranty of Defensible Title to the Properties by, through or under Seller and its Affiliates, but not otherwise, subject to the Permitted Encumbrances. The Deed to be executed and delivered by the Parties at Closing (the "Deed") shall be in the form attached hereto as Exhibit B-2, and shall contain a special warranty of title to the applicable Assets by, through or under Seller and its Affiliates, but not otherwise, subject to the Permitted Encumbrances. Purchaser shall be deemed to have waived all breaches of Seller's special warranty of Defensible Title set forth in the Assignment and Bill of Sale for which Purchaser has not furnished to Seller a valid defect claim notice that substantially satisfies the requirements set forth in Sections 3.6(a)(i) through 3.6(a)(v) on or before the date that is thirty-six (36) months after Closing. Purchaser shall not be entitled to protection under Seller's special warranty of Defensible Title in the Assignment and Bill of Sale against any Title Defect reported by Purchaser to Seller in a Title Defect Claim Notice delivered by Purchaser pursuant to Section 3.6(a) prior to the Defect Claim Date. If Purchaser provides written notice of a breach of the special warranty of Defensible Title set forth in any Assignment and Bill of Sale or Deed to Seller, Seller shall have a reasonable opportunity to cure such breach (at Seller's sole cost and expense) for a period not to exceed ninety (90) days following Seller's receipt of such notice. In any event, the recovery on a breach of Seller's special warranty of Defensible Title under the Assignment and Bill of Sale or Deed (excluding any recovery attributable to such breaches that result from security interests, deeds of trust, mortgages, pledges or similar interests granted by Seller) shall not exceed the Allocated Value of the affected Asset.

3.2 Definition of Defensible Title.

(a) As used in this Agreement, the term "Defensible Title" means that record title (including title evidenced by unrecorded written instruments that are awaiting recording with the applicable Governmental Authority if (x) such unrecorded written instruments are identified on Schedule 3.2(a) as of the Execution Date, (y) each Property that is affected by or related to each such unrecorded written instrument is identified on Schedule 3.2(a) as of the Execution Date and (z) Seller has made available to Purchaser reasonable evidence of the proper filing of each such unrecorded written instrument for recording with the applicable Governmental Authority) or beneficial title (solely in the case of contractual interests held pursuant to any applicable joint operating agreement, unit agreement or similar agreement) of Seller in and to the Leases (with respect to the Target Interval unless otherwise expressly set forth on Exhibit A-1 with respect to a particular Lease) and Wells (with respect to those formations in which a particular Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) shown on Exhibit A-1 or Exhibit A-2, as applicable, which, as of the Effective Date, the Defect Claim Date and the Closing Date, and subject to and except for Permitted Encumbrances:

(i) with respect to each Well set forth on Exhibit A-2, entitles Seller to not less than the Net Revenue Interest set forth in Exhibit A-2 for such Well throughout the productive life thereof, except (A) decreases in connection with those operations in which Seller may elect after the Execution Date to be a non-consenting co-owner (if, and solely to the extent, such election is otherwise permissible under the terms of the Agreement), (B) decreases resulting from reversion of interests to co-owners with respect to operations in which such co-owners elect, after the Execution Date, not to consent, (C) decreases resulting from the establishment or amendment, after the Execution Date, of pools or units (if, and solely to the extent, such establishment or amendment thereof is otherwise permissible under the terms of this Agreement), (D) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries, and (E) as otherwise expressly stated in Exhibit A-2;

(ii) with respect to each Well set forth on Exhibit A-2, obligates Seller to bear a Working Interest for such Well that is not greater than the Working Interest set forth in Exhibit A-2 for such Well without increase throughout the productive life of such Well, except (A) increases resulting from contribution requirements with respect to defaulting or non-consenting co-owners under applicable operating agreements or applicable Law, (B) increases that are accompanied by at least a proportionate increase in Seller's (or its successor's or assign's) Net Revenue Interest for such Well, and (C) as otherwise expressly stated in Exhibit A-2 with respect to such Well;

(iii) with respect to each Lease set forth on Exhibit A-1, (A) entitles Seller to ownership of not less than the Net Acres set forth in Exhibit A-1 for such Lease, and (B) entitles Seller to not less than the Net Revenue Interest set forth in Exhibit A-1 for such Lease, except for, in the case of sub-clause (B), (1) decreases in connection with those operations in which Seller may elect after the Execution Date to be a non-consenting co-owner (if, and solely to the extent, such election is otherwise permissible under the terms of the Agreement), (2) decreases resulting from reversion of interests to co-owners with respect to operations in which such co-owners elect, after the Execution Date, not to consent, (3) decreases resulting from the establishment or amendment, after the Execution Date, of pools or units (if, and solely to the extent, such establishment or amendment thereof is otherwise permissible under the terms of this Agreement), (4) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries, and (5) as otherwise expressly stated in Exhibit A-1 with respect to such Lease; and

(iv) is free and clear of any and all other liens, charges, encumbrances, obligations, and defects of any kind, other than Permitted Encumbrances.

(b) As used in this Agreement, the term "Title Defect" means any lien, charge, encumbrance, obligation, defect or other matter, including a discrepancy in Net Revenue Interest, Net Acres or Working Interest, that causes or results in Seller's title to any Lease or Well identified or described on Exhibit A-1 or Exhibit A-2, as applicable, to be less than Defensible Title. As used in this Agreement, the term "Title Benefit" means any right, circumstance, or condition that operates to (i) increase the Net Revenue Interest of Seller as of the Effective Date, Defect Claim Date and Closing Date in any Lease (solely as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) above that shown for such Lease or Well on Exhibit A-1 or Exhibit A-2, as applicable, (ii) increase the Net Acre ownership of Seller as of the Effective Date, Defect Claim Date and Closing Date in any Lease (solely as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) above that shown for such Lease on Exhibit A-1 without causing a decrease in Seller's Net Revenue Interest as of the Effective Date, Defect Claim Date and Closing Date below that shown for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) on Exhibit A-1 (and disregarding any increase in Seller's Working Interest in and to such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) above that shown for such Lease on Exhibit A-1 that is not accompanied by at least a proportionate increase in Seller's Net Revenue Interest in and to such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) above that shown for such Lease on Exhibit A-1), or (iii) decrease the Working Interest of Seller as of the Effective Date, Defect Claim Date and Closing Date in any Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) below that shown for such Well on Exhibit A-2 (unless such decrease is accompanied by at least a proportionate decrease in Seller's (or its successor's or assign's) Net Revenue Interest for such Well).

3.3 Definition of Permitted Encumbrances. As used in this Agreement, the term "Permitted Encumbrances" means any or all of the following:

(a) all Royalties to the extent that they do not, and would not be reasonably likely to, individually or in the aggregate, reduce Seller's Net Revenue Interest or Net Acre ownership in any Property below that shown in Exhibit A-1 or Exhibit A-2, as applicable, for such Property or increase Seller's Working Interest in any Property above that shown in Exhibit A-2 for such Property without a corresponding increase in the Net Revenue Interest thereof;

(b) the terms of all Leases to the extent that the same do not, individually or in the aggregate, result in or constitute an Unapproved Exception;

(c) the terms of all Material Contracts and Rights of Way including provisions for obligations, penalties, suspensions, or forfeitures contained therein, in each case, so long as the same do not, individually or in the aggregate, result in or constitute an Unapproved Exception;

(d) rights of first refusal, preferential rights to purchase, and similar rights with respect to the Assets that are (i) set forth on Schedule 4.8(a) as of the Execution Date and (ii) are triggered by the Transactions;

(e) all third Person consent requirements and similar restrictions (i) that are not applicable to the Transactions, (ii) that are Material Consents that are set forth on Schedule 4.8(b) as of the Execution Date, if such consents are obtained from the appropriate Persons prior to the Closing Date, (iii) for which the appropriate time period for asserting the right to withhold or condition such consent has expired in accordance with its terms (unless (x) a dispute is pending or threatened with respect to or related to such consent or (y) such consent has been affirmatively withheld or refused by the holder thereof), (iv) that need not be satisfied prior to or in connection with a transfer of such Asset, (v) which are not Material Consents, but which are properly and timely addressed by Seller in accordance with Sections 3.11 and 3.12; or (vi) that relate solely and exclusively to Excluded Records or any other Excluded Assets;

(f) liens for Taxes (i) not yet due and payable or (ii) if due and payable, that are being contested in good faith by appropriate actions (which actions are described and set forth on Schedule 3.3 as of the Execution Date);

(g) liens created under the terms of the Leases, Contracts or Rights of Way that, in each case, are for amounts (i) not yet delinquent (including any amounts being withheld as provided by Law), or (ii) if delinquent, being contested in good faith by appropriate actions by or on behalf of Seller (which actions are described and set forth on Schedule 3.3 as of the Execution Date);

(h) materialman's, warehouseman's, workman's, carrier's, mechanic's, vendor's, repairman's, employee's, contractor's, operator's liens, construction liens and other similar liens arising in the ordinary course of business for amounts (i) not yet delinquent (including any amounts being withheld as provided by Law), or (ii) if delinquent, being contested in good faith by appropriate actions by or on behalf of Seller (which actions are described and set forth on Schedule 3.3 as of the Execution Date);

(i) all rights to consent, and any required notices to, filings with, or other actions by Governmental Authorities in connection with the sale or conveyance of oil and gas leases or rights or interests therein if they are customarily obtained subsequent to the sale or conveyance of such leases, rights or interests;

(j) conventional rights of reassignment arising upon the expiration or final intention to abandon or release any of the Assets;

(k) easements, rights-of-way, covenants, servitudes, permits, surface leases, conditions, restrictions, and other rights included in or burdening the Assets for the purpose of surface or subsurface operations, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines, power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs, and other like purposes, or for the joint or common use of real estate, rights-of-way, facilities, and equipment, in each case, to the extent they do, individually or in the aggregate, not materially interfere with the use, ownership and/or operation of any of the Assets subject thereto or affected thereby (as currently used, owned and/or operated as of the Execution Date) or as would otherwise be used, owned and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Assets and located in the same geographic area as such Asset(s);

(l) rights of a common owner of any interest in Rights of Way held by Seller, to the extent that the same do not materially interfere with the use, ownership and/or operation of any of the Assets (as currently used, owned and/or operated as of the Execution Date or as would otherwise be used, owned and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Assets and located in the same geographic area as such Asset(s));

(m) any lien, charge, or other encumbrance which is expressly waived or assumed by Purchaser in writing or discharged by Seller, or otherwise released, in each case, at or prior to Closing;

(n) defects based solely on the failure to recite marital status in a document or omissions of successors or heirship or estate proceedings, absent reasonable evidence that such failure or omission has resulted in, or would reasonably be expected to result in, a superior claim of title from a third Person attributable to such matter;

(o) lack of a survey, unless a survey is required by Law;

(p) any defect based on a failure to conduct operations, cessation of production or insufficient production over any period of time following the drilling and completion of a well capable of producing in paying quantities on any Lease that is identified on Exhibit A-1 as being held by production (or on any lands pooled or unitized therewith), except to the extent Purchaser provides reasonable evidence that such cessation of production, insufficient production or failure to conduct operations has (i) given the applicable lessor or any other third Person the right to terminate (or partially terminate) all or a portion of the applicable Lease or (ii) resulted in the expiration or termination (or partial expiration or termination) of the applicable Lease pursuant to its terms;

(q) all applicable Laws and rights reserved to or vested in any Governmental Authorities (i) to control or regulate any of the Assets in any manner, (ii) to assess Tax with respect to the Assets, the ownership, use or operation thereof, or revenue, income or capital gains with respect thereto, (iii) by the terms of any right, power, franchise, grant, license or permit, or by any provision of Law, to terminate such right, power, franchise grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the Assets, (iv) to use any Asset in a manner which does not materially interfere with or impair the use, ownership and/or operation of such Asset for the purposes for which it is currently used, owned and operated as of the Execution Date or as such Asset would otherwise be used, owned and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Asset and located in the same geographic area as such Asset(s), or (v) to enforce any obligations or duties affecting the Assets to any Governmental Authority, with respect to any franchise, grant, license or permit;

(r) defects based solely on assertions that Seller's, Seller's Representatives' or the applicable operator's files lack any information (including title opinions), or defects based solely on the inability to locate an unrecorded instrument of which Purchaser has actual notice by virtue of a reference to such unrecorded instrument in any instrument provided or made available to Purchaser by Seller, if no claim has been made under such unrecorded instruments within the last ten (10) years;

(s) defects based solely on a lack of evidence of the proper authorization, execution, delivery, acknowledgment, or approval of any instrument in Seller's chain of title absent reasonable evidence that such matter has resulted in, or would be reasonably expected to result in, a superior claim of title from a third Person attributable to such matter;

(t) any matter that has been cured, released or waived by any applicable Law of limitation or prescription, including adverse possession and/or the doctrine of laches which has existed for more than twenty-five (25) years and for which no reasonable evidence shows that another Person has asserted, or would reasonably be expected to assert, a superior claim of title to the applicable Assets;

(u) unreleased instruments (including prior oil and gas leases and mortgages) that have expired and terminated by their own terms or the enforcement of which is barred by applicable statutes of limitation, in each case, absent reasonable evidence that such instruments (i) continue in force and effect or (ii) give rise to, or would reasonably be expected to give rise to, a third Person's superior claim of title to the applicable Asset(s);

(v) any depth severances with respect to any Lease that do not (i) affect the Target Interval (except to the extent any such depth severance is otherwise specifically set forth and identified on Exhibit A-1 with respect to the applicable Lease) and/or (ii) individually or in the aggregate, result in or constitute an Unapproved Exception;

(w) calls on Hydrocarbon production under existing Material Contracts, provided that the holder of such right must pay an index-based price for any Hydrocarbon production purchased by virtue of such call on production;

(x) maintenance of uniform interest provisions (i) contained in any Contract to the extent (A) compliance with such provisions has been waived in writing by the parties to such Contract, or (B) Purchaser is able to confirm (through review of the Records and communications with, and cooperation from, Seller) that such maintenance of uniform interest provisions have been previously violated without the transferring party obtaining waivers, or without a non-transferring party under such Contract having filed a lawsuit or having asserted a claim for breach of such Contract, or (ii) contained in any Lease to the extent the applicable lessor has waived compliance with such provisions in writing or breach of such provisions will not result in a suspension of material rights under such Lease, the right of the lessor to terminate such Lease or the termination of such Lease;

(y) defects arising solely from a change in applicable Laws after the Execution Date;

(z) production payments that have expired and terminated by their own terms or the enforcement of which is barred by applicable statutes of limitation, in each case, absent reasonable evidence that such instruments (i) continue in force and effect or (ii) give rise to, or would reasonably be expected to give rise to, a third Person's superior claim of title to the applicable Asset(s);

(aa) defects based on or arising out of the allocation of production of Hydrocarbons or from the failure of Seller to enter into, be party to, or be bound by, pooling provisions, a pooling agreement, production sharing agreement, production handling agreement, or other similar agreement, in each case, with respect to any horizontal Well contained in one or more Units and that crosses more than one Lease or tract, to the extent (i) such Well has been permitted by the Railroad Commission of Texas or other applicable Governmental Authority, (ii) the allocation of Hydrocarbons produced from or allocated to such Well among such Lease(s) or tract(s) is based upon the length of the "as drilled" horizontal wellbore open for production, the total length of the horizontal wellbore, or other methodology that is intended to reasonably attribute to each such Lease or tract its applicable proportionate share of production and (iii) none of Seller or any of its Affiliates has received written notice from any Person alleging or asserting an adverse claim or demand of any kind that is based upon or related to any of the foregoing matters;

(bb) any lien, obligation, burden, or defect that affects only which Person (other than Seller of any of its Affiliates) has the right to receive payments with respect to Royalties with respect to any Property (rather than the amount of such Royalties on the applicable Property) and that does not affect the validity of the Seller's interest in such underlying Property;

(cc) defects based solely on Seller's failure to have a title opinion or title insurance policy on any Property;

(dd) any defect arising from (i) any Lease having no pooling provision, or an inadequate horizontal pooling provision, (ii) the absence of any lease amendment or consent by any royalty interest or mineral interest holder authorizing the pooling of any Lease or (iii) the failure of Exhibit A-1 or Exhibit A-2 to reflect any Lease where the owner thereof was treated as a non-participating co-tenant during the drilling of any Well, except, in each case, to the extent Seller or any of its Affiliates has received written notice from any Person alleging or asserting an adverse claim or demand of any kind that is based upon or related to any of the foregoing matters;

(ee) lack of (i) Contracts or rights for the transportation or processing of Hydrocarbons produced from the Assets, (ii) any rights of way for gathering or transportation pipelines or facilities that do not constitute any of the Assets, or (iii) in the case of a well or other operation that has not been commenced as of the Closing Date, any permits, easements, rights of way, unit designations, or production or drilling units not yet obtained, formed, or created, so long as the same would not, individually or in the aggregate, result in or constitute an Unapproved Exception;

(ff) the terms and conditions of this Agreement or any other document executed pursuant to the terms of this Agreement;

(gg) any matters expressly identified and set forth on Schedule 3.3 as of the Execution Date; and

(hh) any other liens, charges, encumbrances, defects, or irregularities which (i) do not, individually or in the aggregate, result in or constitute an Unapproved Exception and (ii) would be accepted or waived by a reasonably prudent purchaser engaged in the business of owning and operating oil and gas properties that are similar to the Assets.

3.4 Environmental Assessment; Environmental Defects.

(a) From and after the Execution Date, and subject to the terms of Sections 6.1 and 6.5 and this Section 3.4, Purchaser shall have the right to conduct, or cause a reputable environmental consulting or engineering firm (the "Environmental Consultant"), to conduct, an inspection of the environmental condition and compliance status of the Assets, including with respect to the operations, use, maintenance and development thereof (the "Environmental Review"), which may include conducting a Phase I Environmental Site Assessment in accordance with the American Society for Testing and Materials (A.S.T.M.) Standard Practice Environmental Site Assessments: Phase I Environmental Site Assessment Process (Publication Designation: E1527-13 or E2247-16) ("Phase I"). With respect to any Assets that are operated by a Third Party, Seller shall use commercially reasonable efforts to obtain permission from such Third Party operator of such Asset(s) for Purchaser and/or the Environmental Consultant to conduct the Environmental Review with respect to such Asset(s); provided, however, that Seller shall have no liability to Purchaser for failure to obtain such Third Party operator's permission so long as Seller has uses its commercially reasonable efforts to obtain permission from the applicable Third Party operator of such Asset(s) for Purchaser and/or the Environmental Consultant to conduct the Environmental Review with respect to such Asset(s)(and, for purposes of clarity, Seller shall not be required to make any payments or undertake any obligations for the benefit of any Third Party with respect to such access to such non-operated Assets). Purchaser shall provide Seller with a minimum of twenty-four (24) hours' advance written notice of its proposed environmental assessment activities prior to entering the Asset(s) to be assessed. Seller shall have the right to have one or more Representatives accompany Purchaser and the Environmental Consultant at all times during the Environmental Review. The Environmental Review shall not include any sampling, boring, operation of Equipment, or other invasive activity (each, an "Invasive Activity") without (x) with respect to any Invasive Activity proposed to be conducted on or with respect to any Assets that are operated by Seller or any of its Affiliates, the prior written consent of Seller (which consent can be withheld in Seller's sole discretion for any reason or no reason), or (y) with respect to any Invasive Activity proposed to be conducted on or with respect to any Assets that are not operated by Seller or any of its Affiliates, the prior written consent of Seller and the applicable Third Party operator; provided, however, that in the event that (A) Purchaser determines in good faith that any Phase I conducted by Purchaser or any Environmental Consultant identifies the existence of any actual or potential "recognized environmental condition" (or any other fact, condition or circumstance that, individually or in the aggregate, would reasonably be expected to give rise to or otherwise indicate the potential existence of an Environmental Defect) with respect to any of the Assets and concludes or recommends that conducting any Invasive Activity(ies) with respect to the affected Asset(s) is reasonably necessary in order for Purchaser or the Environmental Consultant to determine the nature, scope and/or extent of such identified actual or potential "recognized environmental condition" (or any other fact, condition or circumstance that, individually or in the aggregate, would reasonably be expected to give rise to or otherwise indicate the potential existence of an Environmental Defect) and/or the Environmental Defect Amount thereof and (B) Seller (or, if applicable, the applicable Third Party operator of the affected Asset(s)) fails to grant its consent (which consent can be withheld in either Seller's or the applicable Third Party operator's sole discretion for any reason or no reason) to such Invasive Activity(ies) within five (5) days of its receipt of Purchaser's request therefor, then Purchaser shall have the right (in its sole discretion) to elect in writing to exclude the affected Asset(s) from the transactions contemplated by this Agreement and, in such event, (1) the Unadjusted Purchase Price shall be reduced by the Allocated Value, if any, of such affected Asset(s), (2) such affected Asset(s) shall be deemed to be excluded from the definition of "Assets" and from the applicable exhibits attached hereto, (3) Purchaser shall have no obligations or liabilities of any kind with respect to such excluded affected Assets and (4) such affected Assets(s) shall thereafter be deemed to constitute Excluded Assets for all purposes of this Agreement. In performing its Environmental Review, Purchaser shall (and shall cause the Environmental Consultant and Purchaser's other Representatives to): (I) perform all work in a safe and workmanlike manner; (II) perform all work in such a way as to not unnecessarily and unreasonably interfere with the operation of any Property or the business of Seller; (III) materially comply with all applicable Laws; and (IV) at its sole cost, risk, and expense, with respect to any physical damages or disturbances caused by the Environmental Review, repair any disturbances or damages to the Properties caused by the Environmental Review.

(b) Purchaser shall provide to Seller (free of cost) copies of any final environmental reports generated by the Environmental Consultant with respect to any Environmental Defect asserted by Purchaser hereunder, if applicable. Except (i) as may be required or permitted pursuant to the exercise of the rights and fulfillment of the obligations of a Party under this Agreement, (ii) as may be required by applicable Law, or (iii) for information which is or becomes public knowledge through no fault of the Person against whom this sentence is sought to be enforced, Purchaser and Seller and their respective Affiliates shall maintain, and shall cause its and their respective officers, directors, employees, contractors, consultants (including, with respect to Purchaser, the Environmental Consultant), and other Representatives to maintain, all information, reports (whether interim, draft, final, or otherwise), data, work product, and other matters obtained or generated from or attributable to the Environmental Review (the "Environmental Information") strictly confidential, and shall not disclose all or any portion of the Environmental Information to any Third Party without the prior written consent of Purchaser or Seller, as applicable, which consent shall not be unreasonably withheld or delayed. If this Agreement is terminated prior to the Closing, Purchaser shall continue to be subject to the confidentiality provisions in this Section 3.4(b) and shall deliver the Environmental Information to Seller, which Environmental Information shall become the sole property of Seller. Each Party shall be responsible for the compliance of its Affiliates, and its and their respective officers, directors, employees, contractors, consultants (including, with respect to Purchaser, the Environmental Consultant), and other Representatives with the terms of this Section 3.4(b) that are applicable to such Persons. If the Closing occurs, the foregoing confidentiality obligations set forth in this Section 3.4(b) shall not apply to Purchaser and its Affiliates and its and their respective officers, directors, employees, contractors, consultants and other Representatives, but shall, for purposes of clarity, remain in full force and effect with respect to Seller and its Affiliates and its and their respective officers, directors, employees, contractors, consultants and other Representatives.

(c) Purchaser acknowledges that the Assets have been used for the exploration, development, and production of Hydrocarbons and that there may be petroleum, produced water, wastes, or other substances or materials located in, on, or under the Properties or associated with the Assets. Equipment and sites included in the Assets may contain hazardous materials, including asbestos and naturally occurring radioactive material ("NORM"). NORM may affix or attach itself to the inside of wells, materials, and equipment as scale, or in other forms. The wells, materials, and equipment located on the Properties or included in the Assets may contain hazardous materials, including asbestos and NORM. Hazardous materials, including asbestos and NORM, may have come into contact with various environmental media, including water, soils, or sediment. **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS, AND PURCHASER WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRESENCE OR ABSENCE OF ASBESTOS OR NORM IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR OILFIELD OPERATIONS IN THE AREAS WHERE THE ASSETS ARE LOCATED.**

3.5 Environmental Defects. As used in this Agreement, the term "Environmental Defect" means (a) any condition, matter, obligation, event or circumstance with respect to all or any portion of any of the Assets that causes such Asset(s) (or Seller, with respect to such Asset(s)) to be in violation of any Environmental Law or not to be in compliance with, or to be subject to a remedial or corrective action obligation pursuant to, any Environmental Law or (b) the existence as of the Defect Claim Date with respect to the Assets or the operation thereof of any environmental pollution, contamination or degradation in excess of standards permitted under any Environmental Law; provided, however, that the term "Environmental Defect" shall not include (i) current obligations to plug or abandon any well, (ii) the presence of NORM or asbestos, as described in Section 3.4(c), other than with respect to the presence of NORM or asbestos in quantities that presently require remediation or abatement under Environmental Law, or (iii) the matters that are disclosed on Schedule 3.5 as of the Execution Date.

3.6 Notice of Title and Environmental Defects and Benefits; Adjustment.

(a) To assert a claim for a Title Defect, Purchaser must deliver a defect claim notice or notices (each, a "Title Defect Claim Notice") to Seller on or before 5:00 p.m. local time in Houston, Texas, on June 24, 2021 (the "Defect Claim Date"). Each such Title Defect Claim Notice shall be in writing and shall include:

(i) a description of the alleged Title Defect(s);

(ii) the Property(ies) affected thereby (each, a "Title Defect Property");

(iii) the Allocated Value of the Title Defect Property(ies) subject to the alleged Title Defect(s);

(iv) to the extent in Purchaser's possession or control, copies of supporting documents reasonably sufficient for Seller (as well as any attorney or examiner hired by Seller) to evaluate the alleged Title Defect(s) (any and all of which supporting documents may be furnished via access to a web link or ftp site (in lieu of other means of delivery)); and

(v) Purchaser's good faith estimate of the Title Defect Amount attributable to such alleged Title Defect and the computations and information upon which Purchaser's estimate is based.

Notwithstanding anything to the contrary in this Agreement, an immaterial failure of any Title Defect Claim Notice to include any of the information or documentation identified or described in Section 3.6(a)(i) through Section 3.6(a)(v) above shall not render such Title Defect Claim Notice void or ineffective so long as such Title Defect Claim Notice is otherwise reasonably sufficient to provide notice to Seller of the existence, nature, and Purchaser's good faith estimate of the applicable Title Defect(s) and Title Defect Amount(s) asserted therein.

WITHOUT LIMITATION OF THE TITLE MATTERS, AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED HEREIN), PURCHASER SHALL BE DEEMED TO HAVE WAIVED AND RELEASED, AND COVENANTS THAT IT SHALL WAIVE AND RELEASE, ANY AND ALL TITLE DEFECTS OR OTHER DEFICIENCIES OR DEFECTS IN SELLER'S TITLE TO THE PROPERTIES (AND ANY ADJUSTMENTS TO THE UNADJUSTED PURCHASE PRICE ATTRIBUTABLE THERETO) FOR WHICH SELLER HAS NOT RECEIVED, ON OR BEFORE THE DEFECT CLAIM DATE, A VALID TITLE DEFECT CLAIM NOTICE THAT IS REASONABLY SUFFICIENT TO PROVIDE NOTICE TO SELLER OF THE EXISTENCE, NATURE, AND PURCHASER'S GOOD FAITH ESTIMATE OF THE TITLE DEFECT(S) AND TITLE DEFECT AMOUNT(S) ASSERTED IN SUCH TITLE DEFECT CLAIM NOTICE.

(b) Should (x) Purchaser obtain knowledge of any Title Benefit on or before the Defect Claim Date or (y) Seller first obtain knowledge of any Title Benefit after the Execution Date and on or before the Defect Claim Date, then such Party shall, on or before the Defect Claim Date, deliver to the other Party a written notice of such alleged Title Benefit including:

(i) a description of the alleged Title Benefit;

(ii) the Property(ies) affected thereby;

(iii) the Allocated Value of the Property subject to such alleged Title Benefit;

(iv) to the extent in the possession or control of such notifying Party, copies of supporting documents reasonably sufficient for the other Party (as well as any attorney or examiner hired by the other Party) to verify the existence of the alleged Title Benefit(s); and

(v) such notifying Party's good faith estimate of the Title Benefit Amount attributable to such alleged Title Benefit and the computations and information upon which Purchaser's estimate is based.

Notwithstanding anything to the contrary in this Agreement, an immaterial failure of any Title Benefit notice to include any of the information or documentation identified or described in Section 3.6(b)(i) through Section 3.6(b)(v) above shall not render such Title Benefit notice void or ineffective so long as such Title Benefit notice is otherwise reasonably sufficient to provide notice to the applicable other Party of the existence, nature, and the applicable notifying Party's good faith estimate of the applicable Title Benefit(s) and Title Benefit Amount(s) asserted therein.

SELLER SHALL BE DEEMED TO HAVE WAIVED AND RELEASED, AND COVENANTS THAT IT SHALL WAIVE AND RELEASE, ANY AND ALL TITLE BENEFITS OF WHICH NO PARTY HAS RECEIVED ON OR BEFORE THE DEFECT CLAIM DATE A VALID TITLE BENEFIT NOTICE THAT IS REASONABLY SUFFICIENT TO PROVIDE NOTICE TO THE OTHER PARTY OF THE EXISTENCE, NATURE, AND GOOD FAITH ESTIMATE OF THE TITLE BENEFIT(S) AND TITLE BENEFIT AMOUNT(S) ASSERTED IN SUCH TITLE BENEFIT NOTICE, EXCEPT TO THE EXTENT PURCHASER HAS FAILED TO GIVE A NOTICE WHICH IT WAS OBLIGATED TO GIVE UNDER THIS SECTION 3.6(B).

(c) To assert a claim for an Environmental Defect, Purchaser must, on or before the Defect Claim Date, deliver to Seller one or more notices relating to Environmental Defects (each, an "Environmental Defect Claim Notice"), which Environmental Defect Claim Notices shall be in writing and shall include:

(i) a description of the alleged Environmental Defect, including the applicable Environmental Law(s) alleged to be violated and/or implicated thereby and the facts that Purchaser believes substantiate the existence of such alleged Environmental Defect;

(ii) the Asset(s) affected by such alleged Environmental Defect (each, an "Environmental Defect Asset");

(iii) to the extent in Purchaser's possession or control, such supporting documentation and/or Environmental Information as is reasonably sufficient for Seller (as well as any consultant hired by Seller) to evaluate the alleged Environmental Defect (any and all of which supporting documents may be furnished via access to a web link or ftp site (in lieu of other means of delivery));

(iv) Purchaser's good faith estimate of the Environmental Defect Amount attributable to such alleged Environmental Defect and the computations and information upon which Purchaser's estimate is based.

Notwithstanding anything to the contrary in this Agreement, an immaterial failure of any Environmental Defect Claim Notice to include any of the information or documentation identified or described in Section 3.6(c)(i) through Section 3.6(c)(iv) above shall not render such Environmental Defect Claim Notice void or ineffective so long as such Environmental Defect Claim Notice is otherwise reasonably sufficient to provide notice to Seller of the existence, nature and Purchaser's good faith estimate of the applicable Environmental Defect(s) and Environmental Defect Amount(s) asserted therein.

SUBJECT TO, AND WITHOUT LIMITATION OF, THE ENVIRONMENTAL MATTERS, AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED HEREIN), PURCHASER SHALL BE DEEMED TO HAVE WAIVED AND RELEASED, AND COVENANTS THAT IT SHALL WAIVE AND RELEASE, ANY AND ALL ENVIRONMENTAL DEFECTS AND OTHER DEFECTS OR DAMAGES RELATED TO THE ENVIRONMENTAL CONDITION OF THE ASSETS (AND ANY ADJUSTMENTS TO THE UNADJUSTED PURCHASE PRICE ATTRIBUTABLE THERETO) FOR WHICH SELLER HAS NOT RECEIVED ON OR BEFORE THE DEFECT CLAIM DATE A VALID ENVIRONMENTAL DEFECT CLAIM NOTICE THAT IS REASONABLY SUFFICIENT TO PROVIDE NOTICE TO SELLER OF THE EXISTENCE, NATURE, AND PURCHASER'S GOOD FAITH ESTIMATE OF THE ENVIRONMENTAL DEFECT(S) AND ENVIRONMENTAL DEFECT AMOUNT(S) ASSERTED IN SUCH ENVIRONMENTAL DEFECT CLAIM NOTICE.

(d) Purchaser agrees to use commercially reasonable efforts to provide Seller, on or before the end of each calendar week prior to the Defect Claim Date, written notice of all alleged Title Defects and alleged Environmental Defects discovered by Purchaser during such calendar week, which notice may be preliminary in nature and may be amended, supplemented, replaced and/or withdrawn (in-whole or in-part), in Purchaser's discretion, at any time on or prior to the Defect Claim Date and provided that, notwithstanding anything to the contrary herein, any failure of Purchaser to provide any such preliminary notice to Seller shall not be deemed or construed to waive, limit, restrict or otherwise prejudice Purchaser's right to assert any Title Defect or Environmental Defect at any time on or prior to the Defect Claim Date.

3.7 Cure.

(a) Seller shall have the right, but not the obligation, to attempt, at Seller's sole cost, risk, and expense, to cure or remove to the reasonable satisfaction of Purchaser (i) on or before the date that is three (3) days prior to the Target Closing Date (such date, the "Environmental Cure Date"), any alleged Environmental Defects (each such alleged Environmental Defect, a "Cure Target Environmental Defect") or (ii) on or before the date that is ninety (90) days after the Closing Date (such date, the "Title Cure Date" and, together with the Environmental Cure Date, each, a "Cure Date", as applicable), any alleged Title Defects (each such alleged Title Defect, a "Cure Target Title Defect" and, together with all Cure Target Environmental Defect, collectively, the "Cure Target Defects"), in each case, of which Seller has been advised by Purchaser pursuant to Section 3.6(a), 3.6(c) or 3.6(d), as applicable. To exercise any such cure or removal right with respect to any Cure Target Title Defects after Closing, Seller shall provide written notice to Purchaser of its intent to attempt to cure or remove any such Cure Target Title Defects on or before 5:00 p.m. local time in Houston, Texas on the date that is at least five (5) Business Days prior to the Target Closing Date. Seller may elect to perform any such environmental cure or removal work with respect to any Cure Target Environmental Defect at any time prior to the Environmental Cure Date by delivering prior written notice thereof to Purchaser. At Closing, (A) all Title Defect Properties that are affected by or subject to any such Cure Target Title Defects shall be included in the Assets to be assigned, conveyed and transferred to Purchaser in connection with Closing and (B) all adjustments to the Unadjusted Purchase Price with respect to such Cure Target Title Defects shall be addressed as provided in Section 3.8(e) for purposes of Closing and thereafter any adjustment required under Section 3.8(a) with respect thereto shall be made pursuant to Section 3.8(f). The election by Seller to attempt to cure or remove one or more of such Cure Target Defects shall not affect the rights and obligations of the Parties under Section 3.10 with respect to dispute resolution related to any such Cure Target Defect. Seller's election to attempt cure or remove a Cure Target Defect shall not constitute a waiver of any of the rights of Seller pursuant to this Article 3, including Seller's right to dispute the existence, nature, or value of such Cure Target Defect.

(b) Subject to, and without limitation of, the Parties' respective rights under Section 3.10 with respect to any Disputed Matter, including, for purposes of clarity, the determination by the Title Arbitrator or Environmental Arbitrator, as applicable, of the existence of and/or the Title Defect Amount or Environmental Defect Amount with respect to, as applicable, any Cure Target Defect that constitutes a Disputed Matter, to the extent any Cure Target Defect is not cured and/or remediated to Purchaser's reasonable satisfaction by Seller on or before the applicable Cure Date, the adjustment required under Section 3.8 with respect thereto shall be made pursuant to Section 8.4(a) or Section 8.4(b), as applicable.

(c) Any dispute between Seller and Purchaser relating to whether, and to what extent, a Cure Target Defect has been cured or remediated shall be deemed to constitute a Disputed Matter and shall be resolved as set forth in Section 3.10, except that any such matter shall be submitted to the Title Arbitrator or Environmental Arbitrator, as applicable, on or before the date that is ten (10) Business Days after the applicable Cure Date; provided, however, that any prior or concurrent determination by the Title Arbitrator or Environmental Arbitrator, as applicable, with respect to Cure Target Defects (or factual or legal matters relating thereto, even if determined in connection with the resolution of an otherwise unrelated dispute) which Seller has elected to attempt to cure or remediate pursuant to Section 3.7(a) shall be binding on the Parties with respect to such Cure Target Defect (or factual or legal matters relating thereto, even if determined in connection with the resolution of an otherwise unrelated dispute).

(d) Seller shall have the right to exclude any Environmental Defect Asset that constitutes a Lease or Well from this Agreement by delivery of written notice to Purchaser of the exercise of such right no later than two (2) Business Days prior to the Target Closing Date if Purchaser's good faith estimate of the Environmental Defect Amount(s) for such Environmental Defect Asset(s), as set forth in the applicable Environmental Defect Claim Notice, in each case, equals or exceeds (i) one hundred percent (100%) of the Allocated Value of the applicable Environmental Defect Asset (if the applicable Environmental Defect Asset has an Allocated Value) or (ii) $65,000 if the applicable Environmental Defect Asset does not have an Allocated Value, and, in either such case, the Closing Payment shall be reduced by the Allocated Value of the applicable Environmental Defect Asset (if any) and such applicable Environmental Defect Asset shall be deemed deleted from the Exhibits and Schedules hereto and constitute an "Excluded Asset" for all purposes of this Agreement; provided, however, that, notwithstanding the foregoing, Seller shall have no right to exclude any such Environmental Defect Asset if, and only if, (A) Purchaser determines in good faith that the exclusion of such Environmental Defect Asset would materially and adversely affect Purchaser's ownership, operation and/or use of any other Asset (or any group of Assets) in any material respect following Closing and (B) the aggregate downward adjustment to the Purchase Price associated with all Environmental Defect Asset(s) addressed in subpart (A) of this Section 3.7(d) (for the avoidance of doubt, if such Environmental Defect Asset(s) were not excluded from this Agreement) would be less than One Million Dollars ($1,000,000), in which case such Environmental Defect Asset(s) will be conveyed to Purchaser at Closing in accordance with the terms of this Agreement.

3.8 Adjustment for Title Defects and Benefits and Environmental Defects.

(a) With respect to each Asset for which any Title Defect or Environmental Defect has been alleged under Section 3.6(a) or 3.6(c), such Asset shall, subject to Seller's exercise of its right in Section 3.7(d) with respect to any applicable Environmental Defect Asset, be assigned at Closing subject to all uncured Title Defects and Environmental Defects, and the Purchase Price shall be reduced at Closing by (i) in the case of Title Defects, an amount determined pursuant to Section 3.9(a) (the "Title Defect Amount"), and (ii) in the case of Environmental Defects, an amount determined pursuant to Section 3.9(c) (the "Environmental Defect Amount"), in each case, as provided in □Sections 3.8(d), 3.8(e) and 3.8(f), as applicable; provided, however, that, notwithstanding the foregoing, without limitation of Section 3.8(e), no other reduction shall be made in the Unadjusted Purchase Price at Closing with respect to any Title Defect or Environmental Defect which (A) Seller elects to cure following Closing pursuant to Section 3.7(a) (solely with respect to Title Defects) or (B) are Disputed Matters.

(b) With respect to each Property affected by Title Benefits reported under Section 3.6(b), there shall be an offset to Title Defects and Environmental Defects by an amount as determined pursuant to Section 3.9(b) (the "Title Benefit Amount"); provided, however, that, notwithstanding anything in this Agreement to the contrary, in no event shall any Title Benefit Amount(s) result in any increase to the Unadjusted Purchase Price.

(c) Seller and Purchaser shall use their respective commercially reasonable efforts and cooperate in good faith to attempt to agree upon the existence of any Title Defects, Title Benefits or Environmental Defects reported pursuant to Sections 3.6(a), 3.6(b) and 3.6(c) above, as applicable, and any corresponding Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts, in each case, on or before the Closing Date. If Seller and Purchaser are unable to agree by the Closing Date, then, subject to Section 3.7, the Title Defects, Title Benefits, Environmental Defects, reported pursuant to Sections 3.6(a), 3.6(b) and 3.6(c), as applicable, and any corresponding Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts which are then in dispute (each a "Disputed Matter") shall be exclusively and finally resolved by arbitration pursuant to Section 3.10.

(d) At Closing, the Unadjusted Purchase Price shall be adjusted (i) in accordance with Section 3.8(a) with respect to any Title Defects which (A) Seller has not elected to attempt to cure pursuant to Section 3.7(a) and (B) are not Disputed Matters, (ii) in accordance with Section 3.8(a) with respect to any Environmental Defects which (A) Seller has not cured to Purchaser's reasonable satisfaction as of the Closing Date and (B) are not Disputed Matters and (iii) in accordance with Section 3.8(b) with respect to any Title Benefits which are not Disputed Matters.

(e) At Closing, an amount equal to the sum of all Title Defect Amounts and Environmental Defect Amounts (as asserted in good faith by Purchaser in the applicable Title Defect Claim Notices and Environmental Defect Claim Notices provided in accordance with Sections 3.6(a) and/or 3.6(c), as applicable) related to (i) any Cure Target Title Defects which Seller elects to attempt to cure prior to the Title Cure Date in accordance with Section 3.7(a) or (ii) which are Disputed Matters (such aggregate amount, the "Defect Escrow Amount"), shall be deducted in the calculation of the Closing Payment, as provided in Section 8.4(a). As contemplated by Section 8.4(a), such deduction shall be made by reducing the portion of the Cash Purchase Price payable at Closing by an amount equal to the Defect Escrow Amount and, at the Closing, Purchaser shall deposit the Defect Escrow Amount into a separate escrow account established with the Escrow Agent (the "Defect Escrow Account"), to be governed by a separate escrow agreement to be executed at Closing among Seller, Purchaser, and the Escrow Agent, in substantially the same form as the Deposit Escrow Agreement (the "Defect Escrow Agreement"). The Defect Escrow Amount shall be held, invested and disbursed in accordance with the terms of this Article 3 and the Defect Escrow Agreement pending the curing and/or resolution, as applicable, of the applicable Cure Target Title Defects and/or the applicable Disputed Matters in accordance with the applicable terms of this Article 3. For the avoidance of doubt, the Defect Escrow Account, Defect Escrow Amount and the Defect Escrow Agreement shall each be independent of and separate from each of (x) the Deposit Escrow Account established for the Deposit and the related Deposit Escrow Agreement and (y) the Indemnity Holdback Escrow Account established for the Indemnity Holdback Amount and the related Indemnity Holdback Escrow Agreement.

(f) After Closing, the Purchase Price shall be adjusted for (i) any Cure Target Title Defects which (A) Seller elects to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) or (B) are Disputed Matters and (ii) any Environmental Defects or Title Benefits which are Disputed Matters, in each case, to the extent the Title Defect Amounts, Title Benefit Amounts and Environmental Defect Amounts for such Title Defects, Title Benefits and Environmental Defects are included in the Defect Escrow Amount, as provided in this Section 3.8(f). Within ten (10) Business Days after the later to occur of (x) the Title Cure Date and (y) the final date of determination of all Disputed Matters submitted to a Title Arbitrator or Environmental Arbitrator pursuant to Section 3.10, as applicable, and after consideration of all other adjustments previously made to the Unadjusted Purchase Price and after giving effect to all applicable limitations set forth in Section 3.9, the Parties shall execute joint written instructions to the Escrow Agent instructing it to deliver to Seller or Purchaser, as applicable, the portion of the Defect Escrow Amount equal to the net amount which such Party is entitled to receive in order to make the adjustments to the Unadjusted Purchase Price called for pursuant to this Section 3.8, with respect to (a) any Disputed Matters, as determined by the applicable Title Arbitrator or Environmental Arbitrator under Section 3.10(a) and/or Section 3.10(b), as applicable, and (b) any Cure Target Title Defects which Seller elected to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) and which are not Disputed Matters after considering the extent such Title Defects have been cured pursuant to Section 3.6(c) to Purchaser's reasonable satisfaction. Any payment made pursuant to this Section 3.8(f) shall be made by wire transfer of immediately available funds to a bank account or accounts to be designated in writing by the Party receiving such payment (which bank account or account(s) shall, for purposes of clarity, be designated by such Party in the applicable executed joint written instructions delivered to the Escrow Agent instructing it to deliver such payment to such Party).

(g) The Parties shall treat for Tax purposes, any amount paid pursuant to this Section 3.8 as an adjustment to the Purchase Price.

(h) **SUBJECT TO, AND WITHOUT LIMITATION OF, THE ENVIRONMENTAL MATTERS, THE TITLE MATTERS, THE TERMS AND PROVISIONS OF THE OTHER TRANSACTION DOCUMENTS, THE CONDITION TO CLOSING IN SECTION 7.2(D), AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED IN THIS AGREEMENT), (X) THIS ARTICLE 3 SHALL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, OTHERWISE BE THE EXCLUSIVE RIGHT AND REMEDY OF PURCHASER WITH RESPECT TO TITLE DEFECTS AND OTHER DEFICIENCIES IN TITLE TO THE ASSETS AND ANY ENVIRONMENTAL DEFECTS AND OTHER DEFECTS OR DAMAGES RELATED TO THE ENVIRONMENTAL CONDITION OF THE ASSETS AND (Y) EXCEPT AS PROVIDED IN SECTION 3.6(A) AND SECTION 3.6(C), BUT SUBJECT TO THE FOREGOING TERMS OF THIS SECTION 3.8(H), PURCHASER OTHERWISE RELEASES, REMISES, AND FOREVER DISCHARGES SELLER, ITS AFFILIATES, AND EACH OF THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, INTEREST OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, ADVISORS, AND REPRESENTATIVES FROM ANY AND ALL SUITS, LEGAL OR ADMINISTRATIVE PROCEEDINGS, CLAIMS, DEMANDS, DAMAGES, LOSSES, COSTS, LIABILITIES, INTEREST, OR CAUSES OF ACTION WHATSOEVER, IN LAW OR IN EQUITY, KNOWN OR UNKNOWN, WHICH PURCHASER MIGHT NOW OR SUBSEQUENTLY MAY HAVE, BASED ON, RELATING TO, OR ARISING OUT OF, ANY TITLE DEFECT, ENVIRONMENTAL DEFECT, OR OTHER DEFICIENCY IN TITLE TO, OR OTHER DEFECTS OR DAMAGES RELATED TO THE ENVIRONMENTAL CONDITION OF, ANY ASSET**.

3.9 Calculation of Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts.

(a) The Title Defect Amount resulting from a Title Defect shall be determined as follows:

(i) if Purchaser and Seller agree in writing upon the Title Defect Amount, that amount shall be the Title Defect Amount;

(ii) if the Title Defect is a lien, encumbrance, or other charge which is liquidated in amount, then the Title Defect Amount shall be the amount necessary to be paid to remove the Title Defect from Seller's interest in the affected Property;

(iii) if the Title Defect represents a discrepancy between (A) Seller's aggregate ownership of Net Acres for any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) and (B) the amount of Net Acres set forth for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A–1, and there is no discrepancy between the aggregate Net Revenue Interest of Seller in such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) and the Net Revenue Interest set forth for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A-1, then the Title Defect Amount shall be the product of the Allocated Value of such Lease multiplied by a fraction, the numerator of which is the difference between the number of Net Acres owned by Seller in such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) and the number of Net Acres set forth for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A–1, and the denominator of which is the Net Acres set forth for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A–1;

(iv) if the Title Defect represents a discrepancy between (A) Seller's aggregate Net Revenue Interest for any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well and (B) the Net Revenue Interest stated in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, and for which there is not at least a proportionate decrease in Seller's Working Interest or Net Acre ownership, as applicable, for such applicable Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well from that set forth in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, then the Title Defect Amount shall be the product of the Allocated Value of such Lease or Well multiplied by a fraction, the numerator of which is the decrease in Seller's aggregate Net Revenue Interest in such Lease or Well and the denominator of which is Seller's Net Revenue Interest stated in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well; provided, however, that if the Title Defect does not affect such Lease or Well throughout its entire productive life, the Title Defect Amount determined under this Section 3.9(a)(iv) shall be reduced to take into account the applicable time period only;

(v) if the Title Defect represents an obligation, encumbrance, burden, or charge upon, or other defect in title to, the affected Property of a type not described in subsections (i), (ii), (iii), or (iv) of this Section 3.9, the Title Defect Amount shall be determined by taking into account the Allocated Value of the Property so affected, the portion of Seller's interest in the Property affected by the Title Defect, the legal effect of the Title Defect, the potential discounted economic effect of the Title Defect over the productive life of the affected Property, the values placed upon the Title Defect by Purchaser and Seller, the age of the factual matters causing or constituting the alleged Title Defect, the probability that title failure will occur with respect to any Title Defect that represents only a possibility of title failure, and such other factors as are necessary to make a proper evaluation;

(vi) the Title Defect Amount with respect to a Title Defect shall be determined without duplication of any costs or losses included in another Title Defect Amount hereunder or for which Purchaser otherwise receives credit in the calculation of the Purchase Price; and

(vii) notwithstanding anything to the contrary in this Article 3:

(A) an individual claim for a Title Defect for which a valid Title Defect Claim Notice is given prior to the Defect Claim Date shall only generate an adjustment to the Unadjusted Purchase Price under this Article 3 if the Title Defect Amount with respect thereto exceeds Sixty-Five Thousand Dollars ($65,000) (the "Individual Defect Threshold"); provided, however, that if a specific Title Defect affects more than one Title Defect Property, then the Title Defect Amounts associated with such specific Title Defect may be aggregated by Purchaser for determining whether the Individual Defect Threshold is met with respect to all such Properties affected by such specific Title Defect;

(B) the aggregate Title Defect Amounts attributable to the effects of all Title Defects upon any given Property shall not exceed the Allocated Value of such Property; and

(C) there shall be no adjustment to the Purchase Price for Title Defects or Environmental Defects unless and until the aggregate of all Title Defect Amounts and Environmental Defect Amounts that exceed (or are deemed to exceed) the Individual Defect Threshold less the aggregate of all Title Benefit Amounts that exceed the Title Benefit Threshold, exceeds an amount equal to two percent (2%) of the Unadjusted Purchase Price, and then only to the extent that such aggregate amount exceeds two percent (2%) of the Unadjusted Purchase Price. For purposes of this Section 3.9(a)(vii)(C), the Unadjusted Purchase Price shall be reduced by the Allocated Value of any Assets excluded pursuant to Section 3.4(a), Section 3.7(d) or Section 3.12 and references to the Unadjusted Purchase Price in this Section 3.9(a)(vii)(C) shall be deemed and construed to reference the Unadjusted Purchase Price as reduced by any such reductions described herein.

(b) The Title Benefit Amount resulting from a Title Benefit shall be determined as follows:

(i) if Purchaser and Seller agree in writing upon the Title Benefit Amount, that amount shall be the Title Benefit Amount;

(ii) if the Title Benefit represents a discrepancy between (A) Seller's aggregate Net Acre ownership in any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) and (B) the amount of Net Acres shown for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A–1, and there is no discrepancy between the aggregate Net Revenue Interest of Seller in such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) and the Net Revenue Interest set forth for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A-1, then the Title Benefit Amount shall be the product of the Allocated Value of such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) multiplied by a fraction, the numerator of which is difference between the number of Net Acres owned by Seller in such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) and the number of Net Acres set forth for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A–1, and the denominator of which is the Net Acres set forth for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) in Exhibit A–1;

(iii) if the Title Benefit represents a discrepancy between (A) the Net Revenue Interest for any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well and (B) the Net Revenue Interest stated with respect to such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, as applicable, in Exhibit A–1 or Exhibit A-2, then the Title Benefit Amount shall be the product of the Allocated Value of the affected Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well multiplied by a fraction, the numerator of which is the increase in Seller's aggregate Net Revenue Interest in such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well and the denominator of which is the Net Revenue Interest stated in Exhibit A–1 or Exhibit A-2 with respect to such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well; provided, however, that if the Title Benefit does not affect a Lease or Well throughout the entire productive life of thereof, the Title Benefit Amount determined under this Section 3.9(b)(iii) shall be reduced to take into account the applicable time period only;

(iv) if a Title Benefit represents a right, circumstance, or condition of a type not described in subsections (i), (ii) or (iii) of this Section 3.9(b), the Title Benefit Amount shall be determined by taking into account the Allocated Value of the Property so affected, the portion of Seller's interest in the Property so affected, the legal effect of the Title Benefit, the potential discounted economic effect of the Title Benefit over the productive life of any affected Property, the values placed upon the Title Benefit by Purchaser and Seller, and such other factors as are necessary to make a proper evaluation; and

(v) notwithstanding anything to the contrary in this Article 3, an individual claim for a Title Benefit shall only serve to offset the any applicable Title Defect Amounts and/or Environmental Defect Amounts if the Title Benefit Amount with respect thereto exceeds Sixty-Five Thousand Dollars ($65,000) (the "Title Benefit Threshold").

(c) The Environmental Defect Amount resulting from an Environmental Defect shall be determined as follows:

(i) if Purchaser and Seller agree on the Environmental Defect Amount, that amount shall be the Environmental Defect Amount;

(ii) the Environmental Defect Amount shall include, but shall not exceed, the reasonable cost of the response required under Environmental Laws that addresses the applicable Environmental Defect with the most cost-effective remediation of such Environmental Defect (considered as a whole, taking into consideration any material impacts such response may have on the continued, safe, and prudent operation of the relevant Assets and any potential material additional costs or liabilities that may likely arise as a direct result of such response);

(iii) the Environmental Defect Amount with respect to an Environmental Defect shall be determined without duplication of any costs or losses included in another Environmental Defect Amount or adjustment to the Purchase Price hereunder; and

(iv) notwithstanding anything to the contrary in this Article 3, an individual claim for an Environmental Defect for which a valid Environmental Defect Claim Notice is given prior to the Defect Claim Date shall only generate an adjustment to the Unadjusted Purchase Price if the Environmental Defect Amount with respect thereto exceeds the Individual Defect Threshold.

3.10 Dispute Resolution.

(a) Except as otherwise provided in Section 3.7(c), with respect to any Disputed Matter concerning Title Defects, Title Benefits, Title Defect Amounts and/or Title Benefit Amounts (collectively, "Disputed Title Matters"), on or after the date that is ten (10) Business Days following the Closing Date, either Party may notify the other Party of its election to submit all remaining Disputed Title Matters to a title attorney with at least ten (10) years' experience in oil and gas titles in the State of Texas, as selected by mutual agreement of Purchaser and Seller (the "Title Arbitrator") and thereafter the Parties shall promptly submit such remaining Disputed Title Matters to the Title Arbitrator. If Purchaser and Seller have not agreed upon a Person to serve as Title Arbitrator within ten (10) Business Days of a Party's election to submit such Disputed Title Matters to the Title Arbitrator, the Parties shall, within five (5) Business Days after the end of such ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association (or in the event that there is no such office in Houston, Texas at such time, to any other office of the American Arbitration Association) to choose the Title Arbitrator and submit such Disputed Title Matters along with such application. The Title Arbitrator shall not have worked as an employee or outside counsel for any Party or its Affiliates during the five (5) year period preceding the arbitration or have any financial interest in the dispute other than the payment of the Title Arbitrator's fees and expenses incurred as Title Arbitrator.

(b) Except as provided in Section 3.7(c), with respect to any Disputed Matter concerning Environmental Defects and Environmental Defect Amounts (collectively, "Disputed Environmental Matters"), on or after a date that is ten (10) Business Days following the Closing Date, either Party may notify the other Party of its election to submit all remaining Disputed Environmental Matters to a reputable environmental consultant with at least ten (10) years' experience in corrective environmental action regarding oil and gas properties in the State of Texas, as selected by mutual agreement of Purchaser and Seller (the "Environmental Arbitrator"). and thereafter the Parties shall promptly submit such remaining Disputed Environmental Matters to the Environmental Arbitrator. If Purchaser and Seller have not agreed upon a Person to serve as Environmental Arbitrator within ten (10) Business Days of a Party's election to submit such Disputed Environmental Matters to the Environmental Arbitrator, the Parties shall, within five (5) Business Days after the end of such ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association to choose the Environmental Arbitrator and submit such Disputed Environmental Matters along with such application. The Environmental Arbitrator shall not have worked as an employee or outside consultant for any Party or its Affiliates during the five (5) year period preceding the arbitration or have any financial interest in the dispute other than the payment of the Environmental Arbitrator's fees and expenses incurred as Environmental Arbitrator.

(c) In each case above, the arbitration proceeding shall be held in Houston, Texas and shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules do not conflict with the terms of this Section 3.10. The Title Arbitrator's or Environmental Arbitrator's determination, as applicable, shall be made within forty-five (45) days after submission of the matters in dispute and shall be final and binding upon the Parties, without right of appeal. In making their respective determinations, the Title Arbitrator and the Environmental Arbitrator shall be bound by the provisions of this Article 3 and may consider such other matters as, in the opinion of the Title Arbitrator or Environmental Arbitrator (as applicable), are necessary or helpful to make a proper determination. The Title Arbitrator and Environmental Arbitrator may consult with and engage disinterested Third Parties to advise the arbitrator, including petroleum engineers. The Title Arbitrator and Environmental Arbitrator shall act as experts for the limited purpose of determining the specific disputed Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts submitted by any Party and may not award damages, interest, or penalties to any Party with respect to any matter. Seller and Purchaser shall each bear their own legal fees and other costs of presenting their respective cases. Purchaser shall bear one-half of the costs and expenses of the Title Arbitrator and Environmental Arbitrator, and Seller shall be responsible for the remaining one-half of the costs and expenses. The Title Arbitrator may not award Purchaser a greater Title Defect Amount than the Title Defect Amount claimed by Purchaser in its applicable Title Defect Claim Notice or a greater Title Benefit Amount than that claimed by Seller in its position statement delivered to the Title Arbitrator. The Environmental Arbitrator may not award Purchaser a greater Environmental Defect Amount than the Environmental Defect Amount claimed by Purchaser in its applicable Environmental Defect Claim Notice.

3.11 Notice to Holders of Consent and Preferential Purchase Rights. Promptly after the Execution Date (but in any event no later than five (5) Business Days following the Execution Date), Seller shall (a) prepare and send (i) notices to the holders of any consents to assignment or similar rights that are applicable to or triggered by any of the Transactions contemplated by this Agreement (including, for purposes of clarity, the Material Consents and all other consents and similar rights that are set forth on Schedule 4.8(b)) requesting the consent of each such Person to the Transactions (or a waiver of such consent right) and (ii) notices to the holders of any applicable preferential rights to purchase or similar rights that are applicable to or triggered by any of the Transactions (including, for purposes of clarity, those set forth on Schedule 4.8(a)) in compliance with the terms of such rights and requesting waivers of such rights, in each case, using forms of such notices that are reasonably acceptable to Purchaser and (b) provide Purchaser with a true and complete copy of each such notice promptly after Seller's delivery thereof in accordance with this Section 3.11. Seller shall use commercially reasonable efforts to obtain all such consents and similar approvals (or waivers thereof) and waivers of all preferential rights and other similar rights prior to the Target Closing Date; *provided*, *however*, that Seller shall not be required to make any payments or undertake any obligations for the benefit of the holders of such rights in order to obtain the required consents and waivers. Upon receipt of Seller's written request, Purchaser shall use commercially reasonable efforts to cooperate in good faith with Seller in seeking to obtain such any and all such consents, approvals, permissions, and waivers; provided, however, that Purchaser shall not be obligated to spend any monies or undertake any obligations (other than requesting such consents and waivers) in connection therewith. Seller covenants and agrees that it shall promptly provide written notice to Purchaser after becoming aware of any actual or threatened dispute, disagreement or proceeding affecting or with respect to any consent, preferential rights and other similar rights affecting or relating to the Transactions.

3.12 Consent Requirements.

(a) Subject to, and without limitation of, Section 3.12(c), unless the Parties otherwise agree in writing, in no event shall there be transferred at Closing any Asset for which a Material Consent has not been obtained prior to Closing. Seller shall deliver a written notice to Purchaser on or before five (5) Business Days prior to the Target Closing Date setting forth each Material Consent which, as of such date, has not been satisfied or waived (or that is otherwise subject to an actual or threatened dispute) and Purchaser shall thereafter have the continuing right until the date that is one (1) Business Day prior to the Target Closing Date to elect to waive the receipt (or waiver) of any such Material Consent, in which case, such Material Consent shall be deemed to have been obtained prior to Closing with respect to the affected Asset(s) for all purposes of this Agreement.

(b) In cases in which the Asset subject to such an un-obtained Material Consent is an Asset other than a Property, and Purchaser is assigned the Property or Properties to which such Asset relates, but such Asset is not transferred to Purchaser due to the un-waived Material Consent requirement, the Parties shall continue after Closing and until the date of the final adjustment to the Unadjusted Purchase Price under Sections 8.4(b) and/or 8.4(c), as applicable (the "Final Adjustment Date"), to use commercially reasonable efforts to obtain the Material Consent so that such Asset can be transferred to Purchaser upon receipt of the Material Consent (or waiver thereof), and, if permitted pursuant to applicable Law and agreement, such Asset shall be held by Seller for the benefit of Purchaser, Purchaser shall pay all amounts due thereunder or with respect thereto, and Purchaser shall be responsible for the performance of any obligations under or with respect to such Asset to the extent that Purchaser has been transferred the Assets necessary to such performance until the applicable Material Consent is obtained. Notwithstanding the foregoing, neither Party shall be required to make any payments or undertake any obligations for the benefit of the holders of any un-obtained Material Consents subject to this Section 3.12(b) in connection with obtaining (or attempting to obtain) any such Material Consent (or a waiver thereof).

(c) In cases in which the Asset subject to such a Material Consent requirement is a Property and the Material Consent to the transfer of such Property (or a waiver thereof) is not obtained by Closing, Purchaser shall have the right to elect to exclude the Property subject to such Material Consent and, subject to the remainder of this Section 3.12(c), (i) the affected Property shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced at Closing by the Allocated Value of such Property, (iii) such Property shall be deemed to be deleted from Exhibit A-1, Exhibit A-2 and/or Exhibit A-3 attached hereto, as applicable, and added to Schedule 1.3 attached hereto and (iv) such Property shall constitute an Excluded Asset for all purposes hereunder. The Parties shall continue to use commercially reasonable efforts to obtain the Material Consent so that such Asset can be transferred to Purchaser upon receipt of the Material Consent, and if any such Material Consent requirement with respect to which an adjustment to the Unadjusted Purchase Price is made under Section 2.3(b) is subsequently satisfied (or waived) prior to the date of the final adjustment to the Unadjusted Purchase Price under Section 8.4(b) or Section 8.4(c), as applicable, (A) Seller shall, promptly after such Material Consent requirement is satisfied (or waived), convey the applicable Property to Purchaser, (B) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Property (or portion thereof) at such delayed Closing; (C) Purchaser shall, simultaneously with the conveyance of the applicable Property (or portion thereof), pay the amount of any previous deduction from the Unadjusted Purchase Price (subject to all other applicable adjustments with respect to such Property (or portion thereof) under this Agreement) to Seller, and (D) such Property shall no longer be deemed to be (x) deleted from Exhibit A-1 and/or Exhibit A-2 attached hereto, (y) added to Schedule 1.3 attached hereto or (z) an Excluded Asset for any purposes hereunder. With respect to any Surface Fee Estate that becomes an Excluded Asset by operation of this Section 3.12(c), if permitted pursuant to applicable Law and agreement, until the Material Consent for such Surface Fee Estate is obtained or the Surface Fee Estate has been terminated, such Surface Fee Estate shall be held by Seller for the benefit of Purchaser, Purchaser shall pay all amounts due thereunder that would have been an Assumed Obligation with respect to such Surface Fee Estate had such Surface Fee Estate been assigned to Purchaser at Closing, and Purchaser shall be responsible for the performance of any obligations that would have been an Assumed Obligation with respect to such Surface Fee Estate had such Surface Fee Estate been assigned to Purchaser at Closing. Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Property (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, if positive, shall be paid by Purchaser to Seller, and, if negative, by Seller to Purchaser.

3.13 Preferential Purchase Rights.

(a) Any preferential purchase right must be exercised subject to all terms and conditions set forth in this Agreement, including the successful Closing of this Agreement pursuant to Section 8.1 on the dates set forth herein. The consideration payable under this Agreement for any particular Asset for purposes of preferential purchase right notices shall be the Allocated Value for such Asset, adjusted as set forth herein.

(b) If any preferential right to purchase any Asset is validly exercised prior to Closing, (i) the affected Asset (or portion(s) thereof) shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced by the Allocated Value of such Asset (or portion(s) thereof), (iii) such Asset (or portion(s) thereof) shall be deemed to be deleted from the applicable Exhibits attached hereto and added to Schedule 1.3 attached hereto, (iv) such Asset shall constitute an Excluded Asset for all purposes hereunder, and (v) Seller shall convey the affected Asset (or portion(s) thereof) to the preferential right holder on the terms and provisions set out in the applicable preferential right provision and shall be entitled to the consideration paid by such holder.

(c) Should a third Person fail to validly exercise or waive its preferential right to purchase as to any portion of the Assets prior to Closing, and the time for exercise or waiver has not yet expired by Closing, then (i) such Assets (or portions thereof) shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced by the Allocated Value of each such Asset (or portion thereof subject to such preferential purchase right); (iii) each such affected Asset (or portion thereof) shall be subject to the remainder of this Section 3.13(c) and Section 3.13(d), and (iv) Seller shall continue to use commercially reasonable efforts (without the obligation to make any payments or undertake any obligations for the benefit of the holders of such preferential rights to purchase) to obtain the waiver of the preferential purchase right and shall continue to be responsible for the compliance therewith. Should the holder of the preferential purchase right validly exercise the same after Closing, (A) such affected Asset shall be deemed to be deleted from the applicable Exhibits attached hereto and added to Schedule 1.3 attached hereto, (B) such Asset (or portion thereof) shall constitute an Excluded Asset for all purposes hereunder, and (C) Seller shall convey the affected Asset (or portion thereof) to the preferential right holder on the terms and provisions set out in the applicable preferential right provision and Seller shall be entitled to the consideration paid by such holder.

(d) In the event that, after Closing, a preferential purchase right with respect to an Asset (or portion thereof) not conveyed to Purchaser at Closing pursuant to Section 3.13(c) is waived in writing or the time for exercise of such right has expired pursuant to its terms without exercise by the holder thereof, (i) Purchaser shall purchase the affected Asset (or portion thereof) on the terms set forth in this Agreement at a delayed closing which shall occur within ten (10) Business Days following the date on which Seller obtains such waiver, or the time period for exercising the applicable preferential right has expired (which date shall, with respect to such Asset, or portion thereof, be considered to be the Closing Date with respect to such Asset (or applicable portion thereof)), (ii) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Asset (or portion thereof) at such delayed Closing; and (iii) Purchaser shall, simultaneously with the conveyance of the applicable Asset (or portion thereof), pay the amount of any previous deduction from the Unadjusted Purchase Price (subject to all other applicable adjustments with respect to such Asset (or portion thereof) under this Agreement) to Seller, and (iv) such Asset shall no longer be (A) deemed to be deleted from the Exhibits attached hereto, (B) added to Schedule 1.3 attached hereto or (C) an Excluded Asset for any purposes hereunder. Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Asset (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, if positive, shall be paid by Purchaser to Seller, and, if negative, by Seller to Purchaser.

3.14 Limitations on Applicability. Purchaser's right to allege Title Defects and Environmental Defects pursuant to this Article 3 shall terminate as of the Defect Claim Date and shall have no further force and effect thereafter, provided there shall be no termination of Purchaser's or Seller's rights under Section 3.8 with respect to any Environmental Defect, Title Defect or Title Benefit claim properly reported on or before the Defect Claim Date.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to the provisions of this Article 4, and the other terms and conditions of this Agreement, Seller represents and warrants to Purchaser the following as of the Execution Date, and effective upon the Closing, as of the Closing Date:

4.1 Seller.

(a) Each of Sabalo Energy and Sabalo Operating is a limited liability company duly organized, validly existing, and in good standing under the Laws of the state of Texas.

(b) Seller has the power and authority to enter into and perform its obligations under this Agreement and each other Transaction Agreement to which it is a party and to consummate the Transactions contemplated by this Agreement and such other Transaction Agreements.

(c) The execution, delivery and performance of this Agreement (and each other Transaction Agreement to which Seller is a party), and the consummation of the Transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of Seller. This Agreement has been duly executed and delivered by Seller (and at Closing each other Transaction Agreement to which Seller is a party will have been duly executed and delivered by Seller), and this Agreement constitutes the valid and binding obligations of Seller, and at the Closing each other Transaction Agreement to which Seller is a party will be the valid and binding obligation of Seller, in each case enforceable in accordance with their terms except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) The execution, delivery and performance of this Agreement by Seller, and the consummation of the transactions contemplated by this Agreement do not (i) violate any provision of the certificate of incorporation or formation or the limited liability company agreement or bylaws, as applicable, of Seller, (ii) result in a default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation, or acceleration under any note, bond, mortgage, indenture, or other financing instrument to which Seller or any of its Affiliates is a party or by which it is bound, (iii) violate any judgment, order, ruling, or decree applicable to Seller or any of its Affiliates as a party in interest, or (iv) violate any Laws applicable to Seller or any of its Affiliates, except any matters described in clauses (ii), (iii), or (iv) above which would not have a Seller Material Adverse Effect.

4.2 **Litigation**. Except as set forth on Schedule 4.2: (a) there are no actions, suits, or proceedings pending, or, to Seller's knowledge, threatened in writing, before any Governmental Authority or arbitrator with respect to the Assets or Seller's ownership, use or operation of the Assets; (b) there are no actions, charges, suits, or proceedings pending, or, to Seller's knowledge, threatened in writing, before any Governmental Authority or arbitrator against Seller or its Affiliates, which are reasonably likely to impair or delay materially Seller's ability to perform its obligations under this Agreement; and (c) none of Seller, its Affiliates or the Assets are subject to any material outstanding judgments, writs, orders, injunctions or decrees issued, made, entered or rendered by any Governmental Authority; provided that Seller makes no representation or warranty in this clause (c) as to any judgments, orders, writs, rules, injunctions or decrees which are, or contain issues, of broad applicability to, or which broadly affect, the Hydrocarbon exploration and production industry.

4.3 **Taxes and Assessments**. Except as disclosed on Schedule 4.3:

(a) all material Asset Taxes that have become due and payable by Seller or any of its Affiliates have been duly paid, and all Tax Returns required to be filed by Seller or any of its Affiliates with respect to such Asset Taxes have been duly and timely filed and each such Tax Return is true, correct and complete in all material respects;

(b) all withholding Tax requirements imposed on or with respect to the Assets have been satisfied in all material respects;

(c) there are no liens (other than liens for current period Taxes not yet due and payable) on any of the Assets attributable to unpaid Taxes;

(d) there is not currently in effect any extension or waiver of any statute of limitations in any jurisdiction regarding the assessment or collection of any Asset Tax;

(e) no extension of time within which to file any Tax Return with respect to Asset Taxes is currently in effect;

(f) no audit, litigation or other proceeding with respect to material Asset Taxes has been commenced by any Governmental Authority or is presently pending, and Seller has not received written notice of any pending claim against it from any applicable Governmental Authority for assessment of material Asset Taxes and, to Seller's knowledge, no such claim has been threatened; and

(g) other than the Tax partnership created pursuant to the Shad Farmout Agreement and the Shad TPA (such Tax partnership, the "Shad Tax Partnership") (i) none of the Assets are subject to any Tax partnership agreement or are otherwise treated as held in an arrangement requiring a partnership Income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code and (ii) subject to, and without limitation of, Section 9.9, the Shad Tax Partnership does not have in effect a valid election under Code Section 754 for the Taxable year that includes the Closing Date.

The representations and warranties set forth in this Section 4.3 are the sole representations and warranties in this Agreement related to Taxes or Tax matters, and only in the case of the representations and warranties contained in Sections 4.3(a) and 4.3(b), may not be relied upon for any Tax period (or portion thereof) beginning on or after the Closing Date.

4.4 Compliance with Laws. Except with respect (i) Environmental Laws (for which Seller's sole representations and warranties are set forth in Section 4.15), (ii) Tax Laws (for which Seller's sole representations and warranties are set forth in Section 4.3), and (iii) except as disclosed on Schedule 4.4, Seller's and its Affiliates' ownership and the operation of the Assets (and, to Seller's knowledge, the operation of the Assets by any applicable Third Parties during Seller's period of ownership) is and has been in compliance with all applicable Laws in all material respects.

4.5 Material Contracts. Schedule 4.5 sets forth a true, complete and accurate list of all Material Contracts as of the Execution Date (including any and all amendments, supplements thereto (and all currently applicable written waivers of any of the terms thereof)). None of Seller or any of its Affiliates or, to Seller's knowledge, any other Person, is in material breach of or material default under any Material Contract except as disclosed on Schedule 4.5. To Seller's knowledge, all Material Contracts are in full force and effect and constitute legal and binding obligations of Seller and/or its applicable Affiliate(s). Except as disclosed on Schedule 4.5, no written notice of default or breach has been received or delivered by Seller or any of its Affiliates under any Material Contract, the resolution of which is outstanding as of the Execution Date, and there are no current notices that have been received by Seller or any of its Affiliates of the exercise of any premature termination, price redetermination, market-out, or curtailment of any Material Contract. Seller has provided or made available to Purchaser complete and accurate copies of all Material Contracts (including any and all amendments, supplements thereto (and all currently applicable written waivers of any of the terms thereof)) prior to the Execution Date.

4.6 Payments for Production. Neither Seller nor any of its Affiliates is obligated by virtue of a take-or-pay payment, advance payment, or other similar payment (other than Royalties established in the Leases or reflected on Exhibit A-1 or Exhibit A-2, minimum throughput commitments covered by Section 4.22, imbalances covered by Section 4.7, and gas balancing agreements or other agreements relating to any of the foregoing), to deliver Hydrocarbons, or proceeds from the sale thereof, attributable to Seller's or any of its Affiliates' interest in the Properties at some future time without receiving payment therefor at or after the time of delivery.

4.7 Imbalances. Except as set forth on Schedule 4.7 and to Seller's knowledge, as of the date set forth on Schedule 4.7, none of Seller or any of its Affiliates has, and its and their interests in the Assets are not subject to, any production, transportation, plant, or other imbalances with respect to production from or allocated the Properties.

4.8 Material Consents and Preferential Purchase Rights.

(a) Except as set forth on Schedule 4.8(a), there are no preferential rights to purchase, rights of first offer, rights of first refusal, tag-along rights or similar rights which, in each case, may be applicable to the sale or transfer of any right, title or interest in or to any of the Assets (including, for purposes of clarity, the operation thereof) by Seller or any of its Affiliates as contemplated by this Agreement.

(b) Except as set forth on Schedule 4.8(b) and except for consents and approvals of Governmental Authorities that are customarily obtained after Closing, there are no Material Consents which may be applicable to the sale or transfer of any right, title or interest in or to any of the Assets (including, for purposes of clarity, the operation thereof) by Seller or any of its Affiliates as contemplated by this Agreement.

4.9 Liability for Brokers' Fees. None of Purchaser or any of its Affiliates shall, directly or indirectly, have any responsibility, liability, or expense as a result of undertakings or agreements of Seller or any of its Affiliates for brokerage fees, finder's fees, agent's commissions, or other similar forms of compensation to an intermediary in connection with the negotiation, execution or delivery of this Agreement or any agreement or transaction contemplated hereby.

4.10 Bankruptcy. There are no bankruptcy, reorganization, or receivership proceedings pending, being contemplated by, or, to Seller's knowledge, threatened against Seller or any of its Affiliates (whether by Seller, any of its Affiliates or a third Person). Neither Seller nor any of its Affiliates is insolvent and no such Person shall be rendered insolvent by the consummation of any of the transactions contemplated by this Agreement.

4.11 Wells and Equipment. Except as set forth on Schedule 4.11:

(a) all Wells have been drilled and completed within the limits permitted by all applicable Leases and no Well is subject to penalties on allowables with regard to time periods after the Effective Date because of any overproduction or any other violation of Laws;

(b) all currently producing Wells (and related Equipment) are in an operable state of repair adequate to maintain normal operations in accordance with past practices, ordinary wear and tear excepted;

(c) to Seller's knowledge, there are no mechanical integrity issues that have, or would reasonably be expected to have, an adverse effect on any Well in any material respect; provided, "mechanical integrity issues" shall not include any electric submersible pump (ESP) failures or similar issues or rod failures or similar issues;

(d) the Properties do not contain any Equipment, dry holes, or shut in or otherwise inactive wells that Seller, its Affiliates (or in the case of Properties operated by a Third Party operator, such Third Party operator) is currently obligated by applicable Law to plug, dismantle or abandon, other than wells that have been plugged and abandoned in accordance with all applicable Laws; and

(e) Seller has defensible title to, or a valid leasehold interest in, all Equipment and other personal property included in the Assets, free and clear of any liens, encumbrances, obligations, or defects except for Permitted Encumbrances;

provided, however, that, with respect to Assets that are operated by any Person other than Seller or any of its Affiliates, the representations and warranties set forth in this Section 4.11 (other than Section 4.11(e)), are limited to the knowledge of Seller.

4.12 **Non-Consent Operations**. Except as set forth on Schedule 4.12 or Exhibit A-2, none of Seller or any of its Affiliates has elected not to participate in any operation or activity proposed with respect to the Properties which could result in any of Seller's or its Affiliates' interests in such Properties becoming subject to a penalty or forfeiture as a result of such election not to participate in such operation or activity.

4.13 **Outstanding Capital Commitments; Payout Balances**.

(a) Except as set forth on Schedule 4.13, as of the Execution Date, there are no outstanding authorities for expenditure which are binding on the Properties and which Seller reasonably anticipates will individually require expenditures by the owner of the Properties after the Closing Date in excess of One Hundred Thousand Dollars ($100,000), net to the interest of Seller.

(b) To Seller's knowledge, as of the Execution Date, the payout balance for each Well operated by Seller or its Affiliates is reflected in all material respects in Schedule 4.13 as of the respective dates shown thereon.

4.14 **Hedges**. There are no futures, options, swaps, or other derivatives with respect to the sale of Hydrocarbons from the Assets that will be binding on the Assets after Closing.

4.15 **Environmental**. Except as set forth in Schedule 4.15:

(a) To Seller's knowledge, the Assets are in compliance with Environmental Laws in all material respects (other than any non-compliance that has been previously cured or otherwise resolved in accordance with applicable Environmental Laws);

(b) To Seller's knowledge, during the past twelve (12) months, there has been no release of Hazardous Substances on or from the Assets for which there are material investigative or remediation obligations under Environmental Laws and for which remedial or corrective action has not been taken pursuant to Environmental Laws or that has not been previously cured or otherwise resolved in accordance with applicable Environmental Laws;

(c) Seller has obtained and is maintaining in full force and effect (and, to the extent applicable, has timely filed applications to renew) all material permits, certificates, licenses, approvals, and authorizations under applicable Environmental Laws required or necessary for its ownership or operation of the Assets as currently owned and operated by Seller or any of its Affiliates (the "Environmental Permits") and no written notice of violation of the terms of such permits, certificate, licenses, approvals, and authorizations has been received by Seller or any of its Affiliates, the resolution of which is outstanding as of the Execution Date;

(d) Neither Seller nor any of its Affiliates has entered into, and the Assets are not subject to, any agreements, consents, orders, decrees or judgments of any Governmental Authority, that are in existence as of the Execution Date, that are based on any Environmental Laws and that relate to the current or future use, ownership or operation of any of the Assets;

(e) Neither Seller nor any of its Affiliates has received written notice from any Person of (i) any material violation of, alleged material violation of or material non-compliance with any Environmental Laws relating to the Assets or (ii) any release or disposal of any Hazardous Substance concerning any land, facility, asset or property included in the Assets, in each case, that has not been previously cured or otherwise resolved to the satisfaction of the relevant Governmental Authority and for which Seller has no further material obligations outstanding;

(f) Copies of all final written reports of environmental site assessments and/or compliance audits by a Third Party on behalf of Seller or any of its Affiliates or that are otherwise in Seller's or any of its Affiliates' possession or control, in each case, that have been prepared in the three (3) years prior to the Execution Date have been, in each case, provided or made available to Purchaser prior to the Execution Date; and

(g) This Section 4.15 constitutes Seller's sole representation and/or warranty regarding the environmental condition of the Assets (or the Assets' compliance with Environmental Law) or Seller's compliance with, or violation of, Environmental Laws regarding the Assets;

provided, however, that, with respect to any Assets that are operated by any Person other than Seller or any its Affiliates, the representations and warranties set forth in this Section 4.15 (other than Section 4.15(e) and Section 4.15(f)) are limited to the knowledge of Seller solely to the extent related or applicable to such Third Party operated Assets.

4.16 Permits. Other than with respect to Environmental Laws and Environmental Permits (which are handled in Section 4.15), Seller has obtained and is maintaining in full force and effect (and, to the extent applicable, has timely filed applications to renew) all material permits, certificates, licenses, approvals, and authorizations under applicable Laws required or necessary for the Seller's and its applicable Affiliates' ownership and/or operation of the Assets as currently owned and operated by Seller and its Affiliates (together with the Environmental Permits, collectively, the "Permits") and no written notice of violation of the terms of such Permits (other than the Environmental Permits) has been received by Seller or any of its Affiliates, the resolution of which is outstanding as of the Execution Date.

4.17 Leases.

(a) Schedule 4.17(a) sets forth (i) an accurate schedule of each Lease that is not held by production as of the Execution Date and (ii) the expiration dates of the primary terms for each Lease with a primary term that will expire prior to the Target Closing Date or in the six (6) month period immediately following the Target Closing Date;

(b) To Seller's knowledge, except as set forth on Schedule 4.17(b), there are currently pending no written requests or written notices or demands that have been received by Seller or any of its Affiliates alleging (i) that any payment required under the Leases has not been paid or Seller or any of its Affiliates has failed to perform any of its material obligations under any of the Leases and (ii) as a result thereof, the applicable Lease has terminated or is terminable.

(c) To Seller's knowledge, except as set forth on Schedule 4.17(c), neither Seller nor any Affiliate of Seller has received from any other party to any Lease any unresolved written notice stating (i) a reasonable basis to terminate, forfeit or unilaterally modify such Lease or (ii) that an event has occurred which constitutes (or with notice or lapse of time, or both, would constitute) a material breach under any Lease.

(d) Except as set forth on Schedule 4.17(d), none of the Leases operated by Seller or its Affiliates is subject to (i) any unfulfilled obligations to drill any commitment wells within the six (6) month period immediately following Closing or (ii) any requirement to drill additional wells, maintain continuous drilling operations or otherwise conduct material development operations within the six (6) month period immediately following Closing in order to continue such Lease in force and effect after the primary term thereof or to otherwise hold the Net Acres or the vertical depths and/or formations of any such Lease.

(e) Schedule 4.17(e) sets forth sets forth those Leases that are currently being maintained by the payment of shut-in royalties or other similar lease maintenance payments in lieu of operations or production.

(f) To Seller's knowledge, all Royalties, rentals, lease payments and other payments due and payable by Seller or any of its Affiliates to royalty holders, overriding royalty holders and other interest owners under or with respect to any of the Assets and any Hydrocarbons produced therefrom, measured thereby or attributable thereto (including working interest amounts), in each case, in excess of $150,000, in the aggregate, with respect to any such particular holder or owner, have been properly and timely paid (or constitute Suspense Funds that are identified on Schedule 4.20).

For the avoidance of doubt, with respect to any of the Assets that are operated by any Person other than Seller or any of its Affiliates, the representations and warranties set forth in this Section 4.17 (other than Section 4.17(b) and Section 4.17(d)) are limited to the knowledge of Seller.

4.18 Credit Support. Schedule 4.18 sets forth a complete and accurate list of all cash deposits, guarantees, letters of credit, treasury securities, surety bonds and other forms of credit assurances or credit support provided by Seller or any of its Affiliates in support of the obligations of Seller and its Affiliates to any Governmental Authority, contract counterparty or other Person related to the ownership or operation of the Assets (collectively, the "Credit Support").

4.19 Insurance. Schedule 4.19 sets forth a true and correct list of all insurance policies maintained by or for the benefit (in each case, directly or indirectly) of Seller or its Affiliates with respect to the Assets. All premiums due on such insurance policies have either been paid or, if not yet due, accrued. All such insurance policies are in full force and effect and enforceable in accordance with their terms.

4.20 Suspense Funds. Schedule 4.20 sets forth a true, compete and accurate list, as of the date set forth on Schedule 4.20, of all Suspense Funds held by Seller or any of its Affiliates that are attributable to the Assets, which includes, to Seller's knowledge, with respect to all such Suspense Funds (a) the amount and value of such Suspense Funds, (b) a description of the source of such funds (including, if applicable, the applicable Property name), (c) the reason such funds are being held in suspense and (d) the name or the names of the Person(s) claiming such funds or to whom such funds are owed.

4.21 Rights of Way; Surface Fee Estates. Except as set forth on Schedule 4.21: (a) Seller holds defensible title, free and clear of all claims and liens (other than Permitted Encumbrances), to the Surface Fee Estates; (b) each of the Rights of Way owned or held by Seller or its Affiliates is legal, valid, binding, enforceable and in full force and effect; (c) neither Seller nor any of its Affiliates is in material breach of or in material default under any such Rights of Way; and (d) the Rights of Way and Surface Fee Estates are sufficient in all material respects for the ownership and operation of the Assets as currently conducted by Seller and its Affiliates (and in the case of clauses (c) and (d), to Seller's knowledge, with respect to Assets that are operated by any Person other than Seller or its Affiliates).

4.22 Dedications; Minimum Volume Commitments.

(a) None of Seller or any of its Affiliates is a party to any Contract binding on or applicable to the Assets (i) that contains a commitment for Seller or any such Affiliate to provide a minimum volume of Hydrocarbons to another Person (except for and excluding any minimum volume of Hydrocarbons committed under a customary base contract for the sale and purchase of natural gas, as amended or supplemented) or (ii) that requires Seller or any such Affiliate to pay a deficiency payment or similar obligation (or become subject to any penalty or similar Damages) in the event Seller or any such Affiliate fails to provide the applicable minimum volume of Hydrocarbons in such relevant time period.

(b) Except as set forth on Schedule 4.22, none of Seller or any of its Affiliates is a party to any Contract binding on or applicable to the Assets pursuant to which any portion of the Assets is dedicated or Hydrocarbons produced therefrom are otherwise required to be delivered to a certain Person.

4.23 Seller Operations; Casualty; Condemnation.

(a) Except as set forth on Schedule 4.23, (i) since January 1, 2020, (A) Seller and its Affiliates have operated the Assets in the ordinary course of business, in all material respects and (B) to Seller's Knowledge, Seller and its Affiliates have not shut-in any Wells or ceased production with respect to the Assets, (ii) during the period between the Effective Date and the Execution Date, no Casualty Losses have occurred that have caused or resulted in, individually or in the aggregate, any material portion of the Assets to be damaged, destroyed, taken and/or condemned and (iii) as of the Execution Date, none of Seller or any of its Affiliates has received or delivered any on-going "force majeure" or similar notice under any Lease or Material Contract, in each case, as a result of COVID-19 virus or Winter Storm Uri, including any notice from any counterparty to any Contract for the provision of power, electricity or natural gas services indicating a significant increase in the price for such services for which such counterparty is alleging Seller or its Affiliates may be responsible or liable. Notwithstanding anything to the contrary in this Agreement, Seller shall only make the representations and warranties set forth in Section 4.23(a)(ii) as of the Execution Date and not also as of the Closing Date for any purposes of this Agreement.

(b) As of the Execution Date, there is no pending or, to Seller's knowledge, threatened in writing taking (whether permanent, temporary, whole or partial) of any part of the Assets by reason of condemnation or the threat of condemnation or eminent domain.

4.24 Investment Representations.

(a) Seller (i) is an experienced and knowledgeable investor, (ii) is able to bear the economic risks of the acquisition and ownership of the Purchaser Common Stock constituting the Stock Purchase Price, (iii) is capable of evaluating (and has evaluated) the merits and risks of investing in the Purchaser Common Stock and its acquisition and ownership thereof, (iv) is an "accredited investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act, (v) is acquiring the shares of Purchaser Common Stock constituting the Stock Purchase Price for its own account and not with a view to a sale, distribution or other disposition thereof in violation of the Securities Act, and the rules and regulations thereunder, any applicable blue sky Laws, or any applicable other securities Laws, and (vi) acknowledges and understands that (A) the shares of Purchaser Common Stock constituting the Stock Purchase Price have not been registered under the Securities Act in reliance on an exemption therefrom and (B) the shares of Purchaser Common Stock constituting the Stock Purchase Price will, upon acquisition thereof by Seller, be characterized as "restricted securities" under state and federal securities Laws and may not be sold, transferred, offered for sale, pledged, hypothecated, or otherwise disposed of, except pursuant to an effective registration statement under the Securities Act or in a transaction exempt from, or otherwise not subject to, the registration requirements of the Securities Act, and in compliance with applicable state and federal securities Laws.

(b) Any distribution by Seller of shares of Purchaser Common Stock constituting the Stock Purchase Price will not be made in any manner or to any Person that will result in the offer and sale of Purchaser Common Stock pursuant to this Agreement being subject to the registration and prospectus delivery requirements of the Securities Act and the rules and regulations promulgated under the Securities Act. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby do not require the consent or vote of (nor shall any such consent or vote be sought) from any Person that is not an "accredited investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

4.25 Limitations.

(a) Subject to, and without limitation of, Purchaser's right to indemnification pursuant to Article 11, and except for instances of Fraud, the representations and warranties of Seller set forth in this Article 4, the corresponding certification in the certificate to be delivered at Closing pursuant to Section 8.2(f) as to the accuracy as of the Closing Date of the representations and warranties of Seller set forth in this Article 4, the Assignment and Bill of Sale, the special warranty of title in the Deed and the terms and provisions of the other Transaction Documents, (i) Seller makes no other representations or warranties, express or implied, and (ii) Seller expressly disclaims all liability and responsibility for any representation, warranty, statement, or information made or communicated (orally or in writing) to Purchaser or any of its Affiliates, employees, agents, consultants, or other Representatives (including any opinion, information, projection, or advice that may have been provided to Purchaser by any officer, director, employee, agent, consultant, advisor or other Representative of Seller or any member of Seller Group).

(b) **SUBJECT TO, AND WITHOUT LIMITATION OF PURCHASER'S RIGHT TO INDEMNIFICATION PURSUANT TO ARTICLE 11, AND THE TERMS AND PROVISIONS OF THE OTHER TRANSACTION DOCUMENTS, AND EXCEPT FOR INSTANCES OF FRAUD, THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS ARTICLE 4, THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.2(F) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS ARTICLE 4, THE SPECIAL WARRANTY OF DEFENSIBLE TITLE IN THE ASSIGNMENT AND BILL OF SALE AND THE SPECIAL WARRANTY OF TITLE IN THE DEED, SELLER MAKES NO, AND HEREBY EXPRESSLY DISCLAIMS, ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, OR STATUTORY AS TO (I) TITLE TO ANY OF THE ASSETS, (II) THE CONTENTS, CHARACTER, OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, OR ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT OF SELLER, OR ANY GEOLOGICAL OR SEISMIC DATA OR INTERPRETATION, RELATING TO THE ASSETS, (III) THE QUANTITY, QUALITY, OR RECOVERABILITY OF HYDROCARBONS IN OR FROM THE ASSETS, (IV) THE EXISTENCE OF ANY PROSPECT, RECOMPLETION, INFILL, OR STEP-OUT DRILLING OPPORTUNITIES, (V) ANY ESTIMATES OF THE VALUE OF THE ASSETS OR FUTURE REVENUES GENERATED BY THE ASSETS, (VI) THE PRODUCTION OF HYDROCARBONS FROM THE ASSETS, OR WHETHER PRODUCTION HAS BEEN CONTINUOUS, OR IN PAYING QUANTITIES, OR ANY PRODUCTION OR DECLINE RATES, (VII) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS, (VIII) INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT, (IX) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO PURCHASER OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES, OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO AND (X) COMPLIANCE WITH ANY ENVIRONMENTAL LAW OR THE ENVIRONMENTAL CONDITION OF ANY OF THE ASSETS, AND FURTHER DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, OR STATUTORY, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OF ANY EQUIPMENT, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES THAT, EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, THE ASSETS ARE BEING TRANSFERRED "AS IS, WHERE IS," WITH ALL FAULTS AND DEFECTS, AND THAT PURCHASER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS PURCHASER DEEMS APPROPRIATE TO ENTER INTO THIS AGREEMENT ON THE EXECUTION DATE. SELLER AND PURCHASER AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS SECTION ARE "CONSPICUOUS" DISCLAIMERS FOR PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER.**

(c) Inclusion of a matter on any of the Schedules which are referenced in this Article 4 (such Schedules, as amended in accordance with and subject to the terms of Section 6.8(a), the "Seller Disclosure Schedules") with respect to a representation or warranty that addresses matters having a Seller Material Adverse Effect shall not be deemed an indication that such matter does, or may, have a Seller Material Adverse Effect. The Seller Disclosure Schedules may include matters not required by the terms of the Agreement to be listed on the schedules, which additional matters are disclosed for purposes of information only, and inclusion of any such matter does not mean that all such matters are included. A matter scheduled on any of the Seller Disclosure Schedules as an exception for any representation and/or warranty shall be deemed to be an exception to all representations and/or warranties for which it is relevant, but only to the extent such relevance is reasonably apparent based on the manner in which such matter is scheduled.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Subject to the provisions of this Article 5, and the other terms and conditions of this Agreement, Purchaser represents and warrants to Seller the following as of the Execution Date and, effective upon the Closing, as of the Closing Date:

5.1 **Existence and Qualification**. Purchaser is a corporation organized, validly existing, and in good standing under the Laws of the state of Delaware.

5.2 **Power**. Purchaser has the corporate power and authority to enter into and perform its obligations under this Agreement and each other Transaction Agreement to which it is a party and to consummate the Transactions contemplated by this Agreement and such other Transaction Documents.

5.3 **Authorization and Enforceability**. The execution, delivery and performance by Purchaser of this Agreement and each other Transaction Agreement to which it is a party, and the consummation of the Transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser (and at Closing each other Transaction Agreement to which a Purchaser is a party will have been duly executed and delivered by Purchaser), and this Agreement constitutes the valid and binding obligations of Purchaser, and at Closing each other Transaction Agreement to which Purchaser is a party will be the valid and binding obligation of Purchaser, enforceable in accordance with their terms except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.4 **No Conflicts**. The execution, delivery and performance of this Agreement and the other Transaction Agreements by Purchaser, and the consummation of the Transactions, will not (a) violate any provision of the certificate of incorporation, bylaws or other governing instruments of Purchaser, (b) result in a material default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation, or acceleration under any material note, bond, mortgage, indenture, or other financing instrument to which Purchaser is a party or by which it is bound, (c) violate any judgment, order, ruling, or regulation applicable to Purchaser as a party in interest or (d) violate any Law applicable to Purchaser, except any matters described in clauses (b), (c), or (d) above which would not have a Purchaser Material Adverse Effect.

5.5 **Consents, Approvals or Waivers**. Except (a) as required in connection with the listing of the shares of Purchaser Common Stock constituting the Stock Purchase Price on the NYSE and (b) for any consent or approval of Governmental Authorities customarily obtained after Closing and assuming that Seller obtains all relevant consents to assignment or approvals it is required to obtain in connection with the Transactions contemplated hereby, the execution, delivery, and performance of this Agreement by Purchaser will not be subject to any consent, approval, or waiver from any Governmental Authority or other third Person. Without limitation of the foregoing, the consummation of the Transactions, including the issuance by Purchaser of the shares of Purchaser Common Stock constituting the Stock Purchase Price, do not and will not require any vote or approval of holders of shares of Purchaser Common Stock under applicable Law, the rules and regulations of the NYSE or the certificate of incorporation or bylaws of Purchaser.

5.6 **Valid Issuance**. At the Closing, the shares of Purchaser Common Stock constituting the Stock Purchase Price will be duly authorized, validly issued, fully paid and non-assessable, and such Purchaser Common Stock will not be (a) subject to or issued in violation of any preemptive rights, rights of first refusal, or other similar rights of any Person or (b) subject to any liens, claims, encumbrances or restrictions other than (i) restrictions on transfer under applicable securities Laws and (ii) any such liens, claims, encumbrances or restrictions arising exclusively by, through or under Seller or its Affiliates. Such shares of Purchaser Common Stock will be issued and granted in compliance in all material respects with applicable securities Laws and other applicable Laws. On the Execution Date Purchaser has, and at the Closing Purchaser will have, sufficient shares of Purchaser Common Stock that are authorized, unissued and not reserved for any other purpose to issue the shares of Purchaser Common Stock constituting the Stock Purchase Price.

5.7 **Capitalization**.

(a) As of the Execution Date, the authorized capital stock of Purchaser consists solely of (i) 22,500,000 shares of Purchaser Common Stock, of which 12,898,823 shares are issued and outstanding and (ii) 50,000,000 shares of preferred stock, $1.00 par value per share, of which no shares are issued and outstanding.

(b) All of the issued and outstanding shares of Purchaser Common Stock are duly authorized and have been validly issued in accordance with the certificate of incorporation and bylaws of Purchaser, are fully paid and non-assessable, and were not issued in violation of any preemptive rights, rights of first refusal, or other similar rights of any Person.

(c) Except as set forth in the SEC Documents filed prior to the Execution Date, there are no preemptive rights or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, subscription agreements, commitments or rights of any kind that obligate Purchaser to issue or sell any equity interests of Purchaser or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquired, any equity interest in Purchaser, and no securities or obligations evidencing such rights authorized, issued or outstanding.

(d) Purchaser does not have any outstanding bonds, debentures, notes or other obligations the holders of which have the rights to vote (or convertible into or exercisable for securities having the right to vote) with the holders of equity interests in Purchaser on any matter pursuant to such outstanding bonds, debentures, notes or other obligations.

5.8 SEC Documents, Financial Statements, No Liabilities.

(a) Purchaser has timely filed or furnished with the SEC all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since December 31, 2019 under the Securities Act or the Exchange Act (all such documents collectively, the "SEC Documents"). The SEC Documents, including any audited or unaudited financial statements and any notes thereto or schedules included therein (the "Financial Statements"), at the time filed or furnished (except to the extent corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date) (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein (in light of the circumstances under which they were made) not misleading, (ii) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as applicable, (iii) complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, (iv) in the case of the Financial Statements, were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or the omission of notes to the extent permitted by Regulation S-K or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC and subject, in the case of interim financial statements, to normal year-end adjustments), (v) in the case of the Financial Statements, fairly present in all material respects the consolidated financial condition, results of operations, and cash flow of Purchaser as of the dates and for the periods indicated thereon, and (vi) in the case of the Financial Statements, have been prepared in a manner consistent with the books and records of Purchaser and its subsidiaries. Since December 31, 2019, Purchaser has not made any change in the accounting practices or policies applied in the preparation of its financial statements, except as required by GAAP, SEC rule or policy or applicable Law (and except to the extent any such financial statements have been corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date). The books and records of Purchaser and its subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP (to the extent applicable) and any other applicable legal and accounting requirements and reflect only actual transactions.

(b) There are no liabilities of or with respect to Purchaser that would be required by GAAP to be reserved, reflected or otherwise disclosed on a consolidated balance sheet of Purchaser other than (i) liabilities reserved, reflected or otherwise disclosed in the consolidated balance sheet of Purchaser as of December 31, 2020, (ii) liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2020, (iii) any obligations or liabilities arising under or pursuant to or that are otherwise assumed by Purchaser pursuant to this Agreement or any other Transaction Document, (iv) fees and expenses paid or incurred in connection with the Transactions or (v) liabilities that would not reasonably be expected to have a Purchaser Material Adverse Effect.

5.9 Internal Controls; NYSE Listing Matters.

(a) Purchaser has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act, such disclosure controls and procedures are reasonable designed to ensure that material information required to be disclosed by Purchaser in the reports it files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such material information is accumulated and communicated to Purchaser's management as appropriate to allow timely decisions regarding required disclosure.

(b) Purchaser has established and maintains a system of internal control over financial reporting (as defined in Rules 13a 15(f) and 15d 15(f) under the Exchange Act) which is effective in providing reasonable assurance regarding the reliability of Purchaser's financial reporting and the preparation of the Financial Statements for external purposes in accordance with GAAP. Purchaser has disclosed, based on its most recent evaluation of Purchaser's internal control over financial reporting prior to the date hereof, to Purchaser's auditors and audit committee (i) any significant deficiencies and material weaknesses in the design or operation of Purchaser's internal control over financial reporting which would reasonably be expected to adversely affect Purchaser's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Purchaser's internal control over financial reporting.

(c) Since December 31, 2020, (i) Purchaser has not been advised by its independent auditors of any significant deficiency or material weakness in the design or operation of Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, (ii) Purchaser has no knowledge of any fraud, whether or not material, that involves management or other employees who have a significant role in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, and (iii) there have been no changes in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, including any corrective actions with regard to any significant deficiency or material weakness.

(d) As of the Execution Date, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to the SEC Documents.

(e) Purchaser is in compliance in all material respects with the rules and regulations of the NYSE that are applicable to Purchaser.

(f) The Purchaser Common Stock is registered under Section 12(b) of the Exchange Act and listed on the NYSE, and Purchaser has not received any notice of deregistration or delisting from the SEC or the NYSE and no judgment, order, ruling, decree, injunction or award of any securities commission or similar securities regulatory authority or any other Governmental Authority, or of the NYSE, preventing or suspending trading in any securities of Purchaser has been issued and no proceedings for such purpose are, to Purchaser's knowledge, pending, contemplated or threatened. Purchaser has taken no action that is designed to terminate the registration of the Purchaser Common Stock under the Exchange Act or the listing of the Purchaser Common Stock on the NYSE.

5.10 **Absence of Certain Changes**. Since December 31, 2020, there has not occurred any Purchaser Material Adverse Effect or any event, occurrence, change, discovery or development of a state of circumstance or facts that would, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect.

5.11 **Compliance with Law**. Except as to specific matters disclosed in the SEC Documents filed prior to the Execution Date or as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, (a) Purchaser is, and during the past two years has been, in compliance with all applicable Laws, (b) Purchaser has not received written notice of any violation in any respect of any applicable Law, and (c) Purchaser has not received written notice that it is under investigation by any Governmental Authority for potential non-compliance with any Law.

5.12 **Litigation**.

(a) Except as to specific matters disclosed in the SEC Documents filed or furnished prior to the Execution Date (excluding any disclosures included in any "risk factor" section of such SEC Documents or any other disclosures in such SEC Documents to the extent they are predictive or forward looking and general in nature), there are no actions, suits or proceedings pending, or to Purchaser's knowledge, threatened in writing before any Governmental Authority or arbitrator against Purchaser or any of its subsidiaries that have had or would be reasonably expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect under clause (a) of the definition of Purchaser Material Adverse Effect.

(b) There are no actions, suits or proceedings pending, or to Purchaser's knowledge, threatened in writing before any Governmental Authority or arbitrator against Purchaser or any of its subsidiaries that have had or would be reasonably expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect under clause (b) of the definition of Purchaser Material Adverse Effect.

5.13 **Investment Company**. Purchaser is not, and immediately after the issuance and sale of the shares of Purchaser Common Stock constituting the Stock Purchase Price, will not be, required to register as an "investment company" or a company "controlled by" an entity required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.14 **Financing**. Purchaser has, or at the Closing will have, sufficient cash, available lines of credit, or other sources of immediately available funds to enable it to pay the Cash Closing Payment to Seller at the Closing and to fulfill its obligations under this Agreement.

5.15 **Form S-3**. As of the Execution Date, Purchaser is eligible to register the shares of Purchaser Common Stock constituting the Stock Purchase Price for resale by Seller under Form S-3 promulgated under the Securities Act.

5.16 **Independent Investigation**. Purchaser is (or its advisors are) experienced and knowledgeable in the oil and gas business and aware of the risks of that business. Purchaser acknowledges and affirms that (a) as of the Execution Date, it has completed such independent investigation, verification, analysis, and evaluation of the Assets and has made all such reviews and inspections of the Assets as it has deemed necessary or appropriate to enter into this Agreement, and (b) prior to or as of Closing, it will have completed its independent investigation, verification, analysis, and evaluation of the Assets and made all such reviews and inspections of the Assets as it deems necessary or appropriate to consummate the transactions contemplated hereby. Except for the representations and warranties expressly made by Seller in Article 4 of this Agreement, the Assignment and Bill of Sale, the Deed or any other Transaction Document, and without limitation of Purchaser's remedies for Fraud, Purchaser acknowledges that there are no other representations or warranties, express or implied, as to the financial condition, liabilities, operations, business, or prospects of the Assets and that, in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, and subject to the foregoing, Purchaser has otherwise relied solely upon its own independent investigation, verification, analysis, and evaluation and the terms of this Agreement and the other Transaction Documents. Purchaser understands and acknowledges that neither the United States Securities and Exchange Commission nor any federal, state, or foreign agency has passed upon the Assets or made any finding or determination as to the fairness of an investment in the Assets or the accuracy or adequacy of the disclosures made to Purchaser, and, except as set forth in Article 10, Purchaser is not entitled to cancel, terminate, or revoke this Agreement.

5.17 **Liability for Brokers' Fees**. Except as otherwise expressly set forth in Section 10.3(a), none of Seller or any of its Affiliates shall, directly or indirectly, have any responsibility, liability, or expense as a result of undertakings or agreements of Purchaser or any of its Affiliates for brokerage fees, finder's fees, agent's commissions, or other similar forms of compensation to an intermediary in connection with the negotiation, execution, or delivery of this Agreement or any agreement or transaction contemplated hereby.

5.18 **Qualification; Bonding**. Without limiting Section 12.4, Purchaser is, or as of the Closing will be, qualified under applicable Laws to hold Leases, Rights of Way, and other rights included in the Assets which are issued by any applicable Governmental Authority. Subject to the accuracy of Seller's representations and warranties in Section 4.18, and without limitation of Section 12.4, Purchaser has, or as of the Closing will have, posted such Credit Support, and provided such evidence of such Credit Support, as may be required for the ownership and operation of the Assets.

5.19 **Bankruptcy**. There are no bankruptcy, reorganization, or receivership proceedings pending, being contemplated by, or, to the knowledge of Purchaser, threatened against Purchaser or any Affiliate of Purchaser (whether by Purchaser or a third Person). Neither Purchaser nor any of its Affiliates is insolvent and no such Person shall be rendered insolvent by the consummation of any of the transactions contemplated by this Agreement.

5.20 **Limitations**.

(a) Without limiting Seller's right to indemnification pursuant to Article 11 and except for instances of Fraud, the representations and warranties of Purchaser set forth in this Article 5 or in the certificate of Purchaser to be delivered pursuant to Section 8.3(e), (a) Purchaser makes no representations or warranties, express or implied, and (b) Purchaser expressly disclaims all liability and responsibility for any representation, warranty, statement, or information made or communicated (orally or in writing) to Seller or any of its Affiliates, employees, agents, consultants, or Representatives (including any opinion, information, projection, or advice that may have been provided to Seller by any officer, director, employee, agent, consultant, Representative, or advisor of Seller or any member of Purchaser Group).

(b) Inclusion of a matter on any of the Schedules which are referenced in this Article 5 (such Schedules, as added, amended, modified and/or supplemented in accordance with and subject to the terms of Section 6.8(b), the "Purchaser Disclosure Schedules") with respect to a representation or warranty that addresses matters having a Purchaser Material Adverse Effect shall not be deemed an indication that such matter does, or may, have a Purchaser Material Adverse Effect. The Purchaser Disclosure Schedules may include matters not required by the terms of the Agreement to be listed on the schedules, which additional matters are disclosed for purposes of information only, and inclusion of any such matter does not mean that all such matters are included. A matter scheduled on any of the Purchaser Disclosure Schedules as an exception for any representation and/or warranty shall be deemed to be an exception to all representations and/or warranties for which it is relevant, but only to the extent such relevance is reasonably apparent based on the manner in which such matter is scheduled.

ARTICLE 6
COVENANTS OF THE PARTIES

6.1 **Access**. Upon execution of this Agreement until the Closing Date, subject to the limitations expressly set forth in this Agreement, Seller shall provide Purchaser and its Representatives reasonable access to the Assets operated by Seller or any of its Affiliates and access to and the right to copy, at Purchaser's sole expense, the Records in Seller's or any of its Affiliates' possession or control for the purpose of conducting a confirmatory review of the Assets, but only to the extent that Seller may do so without (a) violating applicable Laws, (b) violating any obligations to any Third Party, (c) waiving any legal privilege of Seller, any of its Affiliates or its counselors, attorneys, accountants or consultants, and (d) to the extent that Seller has authority to grant such access without breaching any restriction binding on Seller. Such access by Purchaser shall be limited to Seller's normal business hours, and Purchaser's investigation shall be conducted in a manner that reasonably minimizes interference with the operation of the business of Seller and any applicable Third Party operator. Subject to the terms of this Agreement, all investigations and due diligence conducted by Purchaser or any of Purchaser's Representatives shall be conducted at Purchaser's sole cost, risk and expense and any conclusions made from any examination done by Purchaser or any of Purchaser's Representatives shall result from Purchaser's own independent review and judgment. Seller shall use commercially reasonable efforts (but without the obligation to incur any out-of-pocket costs, expenses, or the obligation to undertake any liability or other obligations to or by Seller) to (i) obtain permission for Purchaser to gain access to Third Party operated Assets to inspect the condition of the same; provided, however, that Seller shall have no liability to Purchaser (or otherwise be in breach of this agreement) for failure to obtain such operator's permission and (ii) obtain a waiver of confidentiality obligations owed to any Third Parties or establish any necessary confidential relationships with Third Parties reasonably required to allow Purchaser to view and access the Records. Seller or its designee shall have the right to accompany Purchaser and its Representatives whenever they are on site on the Assets.

6.2 **Notification of Breaches**. Without limiting the Seller Group's or the Purchaser Group's respective rights to indemnification or to assert their respective rights to seek indemnification, as applicable, pursuant to Article 11, until the Closing,

(a) Purchaser shall notify Seller promptly after Purchaser obtains knowledge that any representation or warranty of Seller contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Seller prior to or on the Closing Date has not been so performed or observed in any material respect; and

(b) Seller shall notify Purchaser promptly after Seller obtains knowledge that any representation or warranty of Purchaser contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Purchaser prior to or on the Closing Date has not been so performed or observed in any material respect.

If either Party has notice that (i) any of the other Party's representations or warranties are untrue or shall become untrue in any material respect between the date hereof and the Closing Date, or (ii) any of the other Party's covenants or agreements to be performed or observed prior to or on the Closing Date shall not have been so performed or observed in any material respect, but, in each case, if such breach of representation, warranty, covenant, or agreement shall (if curable) actually be fully cured on or before the Closing or if the Closing otherwise occurs notwithstanding such breach, then such breach shall be considered not to have occurred for all purposes of this Agreement.

6.3 **Press Releases**. Until the Closing, neither Seller nor Purchaser, nor any Affiliate thereof, shall make any press release or public disclosure or statement regarding the existence of this Agreement, the contents hereof, or the transactions contemplated hereby without the prior written consent of Purchaser (in the case of announcements by Seller or its Affiliates) or Seller (in the case of announcements by Purchaser or its Affiliates), which consent shall not be unreasonably withheld or delayed; provided, however, the foregoing shall not restrict disclosures by Purchaser or Seller (i) with respect to a press release or disclosure by Purchaser, after Purchaser has, if and to the extent reasonably practicable, provided Seller with the opportunity to review and provide comments to any such proposed press release or disclosure (which comments shall, if and to the extent reasonably practicable, be considered in good faith by Purchaser), (ii) to the extent that such disclosures are required by applicable securities or other Laws or the applicable rules of any stock exchange having jurisdiction over the disclosing Party or its Affiliates, (iii) to Governmental Authorities and Third Parties holding preferential rights to purchase, rights of consent or other rights that may be applicable to the transactions contemplated by this Agreement, as reasonably necessary to provide notices, seek waivers, amendments or terminations of such rights, or seek such consents, or (iv) to such Party's investors and members, and current or prospective financing sources, including Seller's Affiliates' investors and limited partners, and to prospective investors or other Persons as part of fundraising or marketing activities undertaken by Seller's Affiliates or EnCap and its affiliates provided such disclosures are made to Persons subject to an obligation of confidentiality with respect to such information. Seller and Purchaser shall each be liable for the compliance of its respective Affiliates, and Seller shall be responsible for the compliance by EnCap and its affiliates, with the terms of this Section. The Parties agree that neither Purchaser nor Seller may have an adequate remedy at law if any of the foregoing Persons violate (or threaten to violate) any of the terms of this Section 6.3. In such event, Purchaser or Seller, as applicable, shall have the right, in addition to any other it may have, to seek injunctive relief to restrain any breach or threatened breach of the terms of this Section 6.3.

6.4 **Operation of Business**. Except (v) as set forth on Schedule 6.4-Part A, (w) for the operations covered by the authorities for expenditures and other capital commitments described on Schedule 4.13, (x) for actions taken in connection with emergency situations or as may be required by Law, (y) as expressly required by this Agreement or (z) as expressly consented to in writing by Purchaser (which consent shall not be unreasonably delayed, withheld or conditioned, except in the case of clauses (d)(ii), (g), (j), (k) or (m)), until Closing Seller shall:

(a) not transfer, sell, hypothecate, encumber, or otherwise transfer or dispose of any of the Assets, except for (i) sales and dispositions of Hydrocarbons made in the ordinary course of business and (ii) other sales and dispositions made in the ordinary course of business and not exceeding, individually, One Hundred Thousand Dollars ($100,000), or, in the aggregate, One Million Dollars ($1,000,000), in each case, for which the Purchase Price is reduced based on the consideration received (except there shall be no such reduction to the Purchase Price in the case of Equipment that is replaced, at no cost or expense to Purchaser (whether through an adjustment to the Purchase Price or otherwise) with equipment or materials of comparable or better value and utility in connection with the maintenance, repair, and operation of the Assets);

(b) not (i) terminate, (ii) amend or modify (other than in a *de minimis* respect), or (iii) waive, release, grant, transfer or fail to enforce any significant rights under, (iv) execute, or (v) extend any Contract that, in each case, is (or upon execution would be) a Material Contract;

(c) maintain insurance coverage on the Assets in the amount and of the types currently maintained by Seller and not make any election to be excluded from any coverage provided by an operator for the joint account pursuant to a joint operating, unit operating, or similar Contract;

(d) (i) not amend or modify any Lease or Right of Way (other than in a *de minimis* respect) and (ii) use commercially reasonable efforts to maintain in full force and effect all Leases and Rights of Way, to the extent, with respect to any Lease, that such Leases are capable of producing in paying quantities at Hydrocarbon prices in effect as of the date that Seller or any Third Party proposes to relinquish any such Leases or allow any such Leases to terminate or expire; provided, in no event shall Seller have any obligation to make any payment or undertake any drilling or operational activity to hold or extend any Lease or Right of Way so long as Seller provides written notice to Purchaser at least ten (10) Business Days in advance of such termination or expiration and Purchaser expressly consents in writing to the same in its sole discretion; and, if Purchaser does not so expressly consent, then Seller must make the relevant payment and/or undertake the relevant operational activity to hold or extend such Lease;

(e) operate and maintain the Assets in the usual, regular and ordinary manner consistent with past practice and, with respect to any Assets operated by Seller or its Affiliates, as a reasonably prudent operator, in substantial compliance with all applicable Laws, Permits, Contracts and Leases;

(f) maintain the Records in the usual, regular and ordinary manner, in accordance with the usual accounting practices of Seller;

(g) not plug or abandon any well located on the Assets unless required by Law or Contract;

(h) (i) submit to Purchaser for prior written approval (in its sole discretion), all written requests received by Seller or its Affiliates for operating or capital expenditures relating to the Assets that involve individual commitments of more than One Hundred Thousand Dollars ($100,000), net to Seller's interest, and (ii) not propose, approve or consent to (or non-consent to) any operation or activity (or series of related operations or activities) on the Assets or otherwise commit to make any capital expenditure or operating expense, in each case, reasonably anticipated to cost the owner of the Assets more than One Hundred Thousand Dollars ($100,000), net to Seller's interest; provided, however, that, notwithstanding the foregoing, the Seller have the right to conduct any operation or activity (or propose or make a commitment to make any capital expenditure or operating expense) with respect to any of the Assets that is, in each case, primarily related to operations or activities with respect to the maintenance or replacement of any failed or malfunctioning electric submersible pump (ESP) located on the Assets if, and to the extent, the costs and expenses paid and/or incurred (or contemplated to be paid and/or incurred) in connection therewith would not, and would not reasonably be expected to, cost the owner of the affected Assets more than Two Hundred Thousand Dollars ($200,000), net to Seller's interest;

(i) maintain in all material respects (i) all material Permits that are maintained by Seller or any of its Affiliates with respect to the Assets as of the Execution Date and (ii) all Credit Support;

(j) not elect to go non-consent pursuant to a joint operating agreement as to any proposed operation on any of the Leases or Wells;

(k) not voluntarily relinquish its position as operator to anyone other than Purchaser (or an Affiliate of Purchaser) with respect to any of the Assets operated by Seller or any Affiliate thereof, or voluntarily abandon any of the Assets other than as required pursuant to the terms of a Lease or applicable Law;

(l) not waive, compromise or settle any right or claim with respect to any of the Assets, except to the extent (i) such right is an Excluded Asset or would not reasonably be expected to adversely affect (other than in a *de minimis* respect) the ownership, operation or value of the Assets after Closing or (ii) such claim is a Retained Obligation and would not adversely affect, or be reasonably expected to adversely affect, Purchaser or the ownership or operation of the Assets after Closing;

(m) timely pay all Asset Taxes that become due and payable prior to the Closing (other than those being contested in good faith in appropriate proceedings); and

(n) not enter into any agreement or commitment to do or not do, as applicable, any of the foregoing.

Requests for approval of any action restricted by this Section 6.4 shall be delivered to either of the individuals listed on Schedule 6.4-Part B, which requests may be delivered electronically to such individual's email address set forth on Schedule 6.4-Part B (provided that receipt of such email is requested and received, including automatic receipts), each of whom shall have full authority to grant or deny such requests for approval on behalf of Purchaser.

Purchaser's approval of any action restricted by this Section 6.4 shall not be unreasonably withheld or delayed (except as expressly provided in the introduction to this Section 6.4) and shall be considered granted in full within five (5) Business Days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Seller's notice) of delivery of Seller's notice to Purchaser requesting such consent unless Purchaser notifies Seller to the contrary during that period. Notwithstanding the foregoing provisions of this Section 6.4, in the event of an emergency, Seller may take such action as reasonably necessary and shall notify Purchaser of such action promptly thereafter. Purchaser acknowledges that Seller owns undivided interests in the Assets and may not be the operator of all of the Assets, and Purchaser agrees that the acts or omissions of Third Parties (including the applicable operators of the Assets) who are not Affiliates of Seller shall not constitute a violation of the provisions of this Section 6.4, nor shall any action required by a vote of Working Interest owners constitute such a violation so long as Seller and its controlled Affiliates have voted their respective interests or exercised any applicable rights under any applicable Contracts in a manner consistent with the provisions of this Section 6.4. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Purchaser pursuant to this Section 6.4 would, in and of itself, constitute a breach of one or more of Seller's representations and warranties in Article 4 or Seller's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Seller to which Purchaser expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements.

6.5 Indemnity Regarding Access. Purchaser's access to the Assets and its (and its Affiliates and Representatives) examinations and inspections, whether under Sections 6.1, 3.4, or otherwise, shall be at Purchaser's sole risk, cost, and expense, and Purchaser **WAIVES AND RELEASES ALL CLAIMS AGAINST SELLER, ITS AFFILIATES, AND EACH MEMBER OF THE SELLER GROUP, ARISING IN ANY WAY THEREFROM, OR IN ANY WAY CONNECTED THEREWITH, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSONS**. Purchaser agrees to indemnify, defend, and hold harmless Seller and each member of the Seller Group, the other owners of interests in the Properties, and all such Persons' directors, officers, employees, agents, and other Representatives from and against any and all Damages, including Damages attributable to personal injury, death, or property damage, to the extent arising out of, or relating to, access to the Assets prior to the Closing by Purchaser, its Affiliates, or its or their respective directors, officers, employees, agents, or other Representatives, **EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSONS AND EXCEPT TO THE EXTENT SUCH DAMAGES ARE ATTRIBUTABLE TO THE DISCOVERY OF CONDITIONS EXISTING ON THE ASSETS PRIOR TO THE EXECUTION DATE. SUBJECT TO, AND WITHOUT LIMITATION OF PURCHASER'S RIGHT TO INDEMNIFICATION PURSUANT TO ARTICLE 11 FOR BREACHES OF, OR INACCURACIES IN, SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE 4 OR SET FORTH IN THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.2(F) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN ARTICLE 4, AND THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THE OTHER TRANSACTION DOCUMENTS, AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED HEREIN), PURCHASER RECOGNIZES AND AGREES THAT ALL MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION OF ANY TYPE AND NATURE MADE AVAILABLE TO IT, ITS AFFILIATES OR REPRESENTATIVES, IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY, WHETHER MADE AVAILABLE PURSUANT TO ARTICLE 6 OR OTHERWISE, ARE MADE AVAILABLE TO IT AS AN ACCOMMODATION, AND WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, OR STATUTORY, AS TO THE ACCURACY AND COMPLETENESS OF SUCH MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION, AND NO WARRANTY OF ANY KIND IS MADE BY SELLER AS TO SUCH INFORMATION SUPPLIED TO PURCHASER OR ITS AFFILIATES OR REPRESENTATIVES AND PURCHASER EXPRESSLY AGREES THAT, SUBJECT TO THE FOREGOING LIMITATIONS, ANY RELIANCE UPON SUCH INFORMATION, OR CONCLUSIONS DRAWN THEREFROM, SHALL BE THE RESULT OF ITS OWN INDEPENDENT REVIEW AND JUDGMENT.**

6.6 Governmental Reviews.

(a) Seller and Purchaser shall each in a timely manner make (or cause their applicable Affiliates to make) (i) all required filings, and prepare applications to, and conduct negotiations with, each Governmental Authority as to which such filings, applications or negotiations are necessary or appropriate in the consummation of the transactions contemplated hereby, and (ii) provide such information as the other may reasonably request in order to make such filings, prepare such applications and conduct such negotiations. Each Party shall cooperate with and use all reasonable efforts to assist the other with respect to such filings, applications and negotiations. Purchaser shall bear the cost of all filing or application fees payable to any Governmental Authority with respect to the transactions contemplated by this Agreement, regardless of whether Purchaser, Seller, or any Affiliate of any of them is required to make the payment.

(b) Without limitation of Section 12.4, on or before the Closing Date, Purchaser shall post or obtain such Credit Support that is set forth on Schedule 4.18 as may be required for Purchaser's ownership of the Assets, and shall provide Seller with evidence of the same.

(c) Promptly after Closing, Purchaser (with the assistance of Seller, subject to Section 12.3) shall make all filings with any applicable Governmental Authority (including in each applicable county), as may be required to properly assign and transfer the Assets from Seller to Purchaser.

6.7 Further Assurances. After Closing, Seller and Purchaser each agrees to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other for carrying out the purposes of this Agreement or of any document delivered pursuant to this Agreement.

6.8 Supplemental Disclosures.

(a) Purchaser agrees that, with respect to the representations and warranties of Seller contained in this Agreement, Seller shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement, amend or create any Seller Disclosure Schedules to its representations and warranties in Article 4 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Seller Disclosure Schedules and Seller shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Purchaser. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Purchaser set forth in Article 7 have been fulfilled or satisfied, the Seller Disclosure Schedules to Seller's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Purchaser set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Purchaser elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, the Seller Disclosure Schedules shall be deemed to include the relevant matters disclosed pursuant to such addition, supplement or amendment prior to Closing that resulted in such conditions not being satisfied or fulfilled and Purchaser shall not be entitled to make a claim under Section 11.3(b)(iii) with respect to a breach of the relevant representation or warranty in Article 4 with respect thereto after Closing.

(b) Seller agrees that, with respect to the representations and warranties of Purchaser contained in this Agreement, Purchaser shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement, amend or create any Purchaser Disclosure Schedules to its representations and warranties in Article 5 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Purchaser Disclosure Schedules and Purchaser shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Seller. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Seller set forth in Article 7 have been fulfilled or satisfied, the Purchaser Disclosure Schedules to Purchaser's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Seller set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Seller elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, the Purchaser Disclosure Schedules shall be deemed to include the relevant matters disclosed pursuant to such addition, supplement or amendment prior to Closing that resulted in such conditions not being satisfied or fulfilled and Seller shall not be entitled to make a claim under Section 11.3(a)(iii) with respect to a breach of the relevant representation or warranty in Article 5 with respect thereto after Closing.

6.9 Employment.

(a) Schedule 6.9(a) lists the employees of Seller or its Affiliates who are available for hire by Purchaser or its Affiliates (the "Available Employees"). Purchaser or one of its Affiliates may in its sole discretion (but shall have no obligation to) offer employment to any Available Employee consistent with the procedure described below. Notwithstanding anything to the contrary in this Section 6.9, in Purchaser's sole discretion, such offers may be made contingent on the Closing and on the Available Employee's satisfying Purchaser's generally applicable and lawful background checks and similar requirements. Upon Purchaser's reasonable request, Purchaser and its Affiliates shall be permitted to interview Available Employees for purposes of potential employment with Purchaser or its Affiliates. Seller shall have no obligation to encourage any Available Employee to accept an offer of employment by Purchaser or its Affiliates or otherwise facilitate such an offer beyond making an Available Employee, as reasonably requested, available for an interview. The compensation and benefits offered to any Available Employee as part of such an offer is a matter to be determined by Purchaser in its sole discretion.

(b) On or prior to the date that is three (3) Business Days prior to the Target Closing Date, Purchaser shall provide to Seller a list of those Available Employees to whom Purchaser or its Affiliate will offer or has offered employment as permitted in this Section 6.9. Available Employees who accept such offers of employment and report to work with Purchaser or its Affiliate and become employees of Purchaser or its Affiliate (such entity, the "Purchaser Employer") are referred to herein as "Transferred Employees." Purchaser shall notify Seller prior to the Closing as to the identity(ies) of the Available Employees who have accepted offers of employment with Purchaser Employer as of such date. Available Employees who accept such employment and report to work with Purchaser Employer as contemplated herein shall become Transferred Employees on the Closing Date; provided, however, that any such Available Employee who is on leave of absence as of the Closing Date shall become a Transferred Employee as of the date that he or she reports to work with Purchaser Employer. Purchaser shall be responsible for all costs, expenses, claims, damages, liabilities, losses and obligations arising from, or relating to (i) the selection and hiring of any Available Employee and (ii) any interviews, inquiries, tests, decisions, or other communications or actions of Purchaser or its Affiliates with respect to any Available Employee.

(c) From the Execution Date through the date that is twelve (12) months after the Closing Date (or, if the Closing does not occur, the Execution Date), neither Seller nor its Affiliates shall, directly or indirectly, (1) solicit or offer employment to any Transferred Employee or other officer, director, manager, or employee of Purchaser or its Affiliates; or (2) otherwise divert or induce any such Person to terminate or materially alter his or her employment relationship with Purchaser or its Affiliates. Notwithstanding the foregoing, Seller shall not be considered to have breached the terms of this Section 6.9 if it hires any Person who responds to a general advertisement or a Third Party recruiting firm that has not been specifically instructed to contact such Person. Purchaser and Seller shall be liable for the compliance of their respective Affiliates with the terms of this Section 6.9.

(d) The provisions contained in this Section 6.9 are included for the sole benefit of the Parties and shall not create any right in any other Person, including any employee or former employee.

6.10 Additional Properties. The Parties agree to comply with the terms and provisions contained in Schedule 6.10 hereto.

6.11 **NYSE Listing**. Purchaser shall use its reasonable best efforts to cause the shares of Purchaser Common Stock constituting the Stock Purchase Price to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing.

6.12 **Conduct of Purchaser**. Except (x) as set forth on Schedule 6.12-Part A, (y) for actions taken in as may be required by Law or (z) with the prior written consent of Seller (which consent shall not be unreasonably delayed, withheld or conditioned), from the Execution Date until the Closing, Purchaser shall and shall cause its subsidiaries to:

(a) except as contemplated by the definitive proxy statement on Schedule 14A filed by Purchaser with the SEC on April 1, 2021, (i) not amend the certificate of incorporation of Purchaser and (ii) not amend the bylaws of Purchaser in a manner that would adversely affect in any material respect the shares of Purchaser Common Stock to be issued to Seller hereunder or Seller's rights with respect thereto;

(b) not declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock or other equity interests, except for dividends or distributions (i) by a wholly-owned subsidiary of Purchaser to its parent or (ii) which constitute a Reclassification Event for which an adjustment is made pursuant to Section 2.1(c);

(c) not reclassify, combine, split or subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any Purchaser Common Stock, other than withholding and sale of Purchaser Common Stock to satisfy Income Tax withholding payments due upon vesting of employee equity awards;

(d) not adopt any plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization or otherwise effect any transaction whereby by any Person or group acquires more than a majority of the outstanding shares of Purchaser Common Stock;

(e) not take any action, or fail to take any action, which action or failure would reasonably be expected to cause Purchaser to be ineligible to file a registration statement on Form S-3 promulgated under the Securities Act; and

(f) not enter into an agreement or commitment with respect to any of the foregoing.

Requests for approval of any action restricted by this Section 6.12 shall be delivered to either of the individuals set forth on Schedule 6.12-Part B, which requests may be delivered electronically to such individual's email address set forth on Schedule 6.12-Part B (provided that receipt of such email is requested and received, including automatic receipts), each of whom shall have full authority to grant or deny such requests for approval on behalf of Seller.

Seller's approval of any action restricted by this Section 6.12 shall not be unreasonably withheld or delayed and shall be considered granted in full within five (5) Business Days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Purchaser's notice) of delivery of Purchaser's notice to Seller requesting such consent unless Seller notifies Purchaser to the contrary during that period. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Seller pursuant to this Section 6.12 would, in and of itself, constitute a breach of one or more of Purchaser's representations and warranties in Article 5 or Purchaser's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Purchaser to which Seller expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements.

6.13 **Seller Financial Statements and Cooperation**. As soon as reasonably practicable following the Execution Date (and in any event within thirty (30) days following the Execution Date), Seller shall deliver to Purchaser (a) audited financial statements of Seller (that conform in form and substance to that required by Purchaser's Auditor) as of, and for the years ended, December 31, 2020 and 2019, including the balance sheets of Seller as of December 31, 2020 and 2019, together with (i) the related statements of income, changes in owners' equity, and cash flow for the periods then ended, (ii) related notes and (iii) SMOG calculations for the years ended December 31, 2020 and 2019 and (b) interim unaudited financial statements of Seller as of, and for the three-month period ended, March 31, 2021, including the balance sheet of Seller as of March 31, 2021, together with (i) the related statements of income, changes in owners' equity, and cash flow for the three-month period then ended, (ii) related notes, and (iii) SMOG calculations for the three-month period in each case, as prepared in accordance with US generally accepted accounting principles. In addition, from and after the Execution Date until the Closing Date, Seller shall use reasonable efforts to direct its consultants, accountants, reserve engineers, agents and other Representatives to, during customary business hours, cooperate with Purchaser and independent auditors chosen by Purchaser ("Purchaser's Auditor") in connection with any audit by Purchaser's Auditor of any financial statements of Seller or reserve reports with respect to the Properties, in each case, relating to the period prior to the Closing Date, or other actions that Purchaser reasonably requires to comply with the requirements under state and federal securities Laws. Such cooperation will include (i) reasonable access to Seller's officers, managers, employees, consultants, agents and Representatives who were responsible for preparing or maintaining the financial records and work papers and other supporting documents used in the preparation of such financial statements as may be required by Purchaser's Auditor to perform an audit or conduct a review in accordance with generally accepted auditing standards or to otherwise verify such financial statements; (ii) using commercially reasonable efforts to obtain the consent of the independent auditor(s) and reserve engineer(s) of Seller that conducted any audit of such financial statements or prepared any reserve reports to be named as an expert in (A) any filings that may be made by Purchaser under the Securities Act or required by the SEC under securities Laws applicable to Purchaser or any report required to be filed by Purchaser under the Exchange Act in connection with the transactions contemplated by this Agreement or (B) any prospectus or offering memorandum for any equity or debt financing of Purchaser; (iii) providing information in connection with Purchaser's preparation of responses to any inquiries by regulatory authorities relating to the foregoing financial statements and/or reserve reports; (iv) providing information with respect to property descriptions of the Assets necessary to execute and record a deed of trust for any financing activities; (v) using reasonable efforts to provide, at least ten (10) Business Days prior to the Closing, all documentation and other information about Seller as is reasonably requested by Purchaser which relates to applicable "know your customer" and anti-money laundering rules and regulations (including without limitation the USA PATRIOT ACT); (vi) delivery of one or more customary representation letters from Seller to the auditor of the Financial Statements that are reasonably requested by Purchaser to allow such auditors to complete an audit (or review of any financial statements) and to issue an opinion with respect to an audit of those financial statements required pursuant to this Section 6.14; and (vii) using commercially reasonable efforts to cause the independent auditor(s) or reserve engineer(s) of Seller that conducted any audit of such financial statements to provide customary "comfort letters" to any underwriter or purchaser in connection with any equity or debt financing of Purchaser. Notwithstanding the foregoing, (x) nothing herein shall expand Seller's representations, warranties, covenants or agreements set forth in this Agreement or give Purchaser any rights to which it is not entitled hereunder, (y) nothing in this Section 6.14 shall require travel or the obligation to incur any out-of-pocket costs by any of the subject Persons in order to comply with the terms hereof and (z) Purchaser will make reasonable efforts to minimize any disruption associated with the cooperation contemplated by such Persons hereby.

6.14 **Operatorship**. As soon as reasonably practicable following Closing, but in any event within ten (10) days thereafter, Seller will (and will cause its applicable Affiliates) to send out notifications of its resignation as operator under any Contracts, effective as of the Closing Date, for all Properties that Seller (or any Affiliate of Seller) currently operates and transfers to Purchaser pursuant to this Agreement. Seller makes no representation and/or warranty to Purchaser as to the transferability or assignability of operatorship of such Properties, but Seller shall use its commercially reasonable efforts to cooperate in good faith with Purchaser and assist with the transfer of operatorship of the Assets to Purchaser. Purchaser acknowledges that the rights and obligations associated with such Properties are governed by applicable agreements and that operatorship will be determined by the terms of those agreements. Notwithstanding anything to the contrary contained in this Section 6.14, the Parties shall execute Texas Railroad Commission Form P-4s for all Wells currently operated by Seller or its Affiliates, naming Purchaser (or its designated Affiliate) as operator of such Wells with the Texas Railroad Commission at Closing as provided in Section 8.2(n).

6.15 **Exclusivity**. From and after the Execution Date until the earlier to occur of the Closing or the termination of this Agreement in accordance with Article 10, except as expressly permitted by Section 6.4, Seller shall not, and shall cause each of its Affiliates and each of its and their respective Representatives not to, (a) enter into any agreement (binding or nonbinding), solicit, initiate, encourage, share information for the purpose of marketing or selling any or all of the Assets or negotiate with any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) with respect to any other transaction of any kind involving or related to the sale (whether by merger, stock or asset sale or any other similar disposition, consolidation or combination of any of the foregoing) of any or all of the Assets (an "Alternative Transaction"), (b) assist, encourage or permit any effort or attempt by any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as a Representative of Purchaser)) to attempt to do or seek to do any of the foregoing, and (c) furnish any information relating to the Assets or afford access to any of the Assets to any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) for the purpose of assisting with or facilitating an Alternative Transaction. Without limitation of the foregoing, upon execution of this Agreement, Seller will, and will cause its Representatives to, (i) terminate any and all existing discussions or negotiations with any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) regarding any Alternative Transaction and (ii) terminate the access of any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) to any electronic data rooms established in connection with the marketing of the Assets. Notwithstanding the foregoing, Seller, its Affiliates and each of its and their respective Representatives shall have the limited right to state in response to Third Party inquiries about the Assets that Seller is subject to the terms and conditions of a purchase and sale agreement with respect to the Assets.

6.16 **Further Actions**. Subject to the terms of this Agreement, and without limitation of each Party's respective rights and remedies under this Agreement, each Party shall use commercially reasonable efforts to take such actions as may be necessary to consummate the transactions contemplated by this Agreement.

6.17 **Sabalo-Shad Transaction Documents**. Notwithstanding anything to the contrary in this Agreement, Seller hereby expressly and irrevocably (a) waives any rights or remedies of any kind arising under or in connection with any of the Sabalo-Shad Transaction Documents solely with respect to and/or related to any assignment, conveyance or transfer by Shad to Purchaser pursuant to the Shad PSA of any right, title or interest in or to any assets, properties or interests that are bound by, subject to or otherwise related to any of the Sabalo-Shad Transaction Documents and (b) approves of and consents to any such assignment, conveyance and/or transfer.

ARTICLE 7
CONDITIONS TO CLOSING

7.1 **Conditions of Seller to Closing**. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, at the option of Seller, waiver in writing, on or prior to Closing of each of the following conditions:

(a) (i) The Purchaser Fundamental Representations shall be true and correct in all respects as of the Execution Date and as the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) and (ii) the other representations and warranties of Purchaser set forth in Article 5 shall be true and correct as of the Execution Date and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except, in the case of this clause (ii), for such failures of representations and warranties of Purchaser to be so true and correct as, individually or in the aggregate, would not reasonably be expected to have a Purchaser Material Adverse Effect; provided, however, that, except for Purchaser's representations and warranties set forth in Sections 5.8 and 5.10, any representation or warranty qualified by materiality or Purchaser Material Adverse Effect shall be deemed not to be so qualified for the purposes of this Section 7.1(a);

(b) Purchaser shall have performed and observed, in all material respects (and in all respects in the case of any covenants and agreements qualified by substantiality, materiality, Purchaser Material Adverse Effect), all covenants and agreements to be performed or observed by Purchaser under this Agreement prior to or on the Closing Date;

(c) On the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial Damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Seller or its Affiliates) shall be pending or threatened in writing before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial Damages from Seller or any Affiliate of Seller resulting therefrom;

(d) The net sum of all downward adjustments to the Purchase Price to be made or reasonably alleged in good faith pursuant to Sections 2.3(a) and 2.3(b) shall be less than or equal to fifteen percent (15%) of the Unadjusted Purchase Price;

(e) The shares of Purchaser Common Stock constituting the Stock Purchase Price shall have been approved for listing on the NYSE, subject only to official notice of issuance; and

(f) Purchaser shall have delivered or be prepared to deliver all of the deliverables Purchaser is required to deliver pursuant to Section 8.3.

7.2 **Conditions of Purchaser to Closing**. The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, at the option of Purchaser, waiver, on or prior to Closing of each of the following conditions:

(a) (i) The Seller Fundamental Representations shall be true and correct in all respects as of the Execution Date and as the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) and (ii) the other representations and warranties of Seller set forth in Article 4 shall be true and correct as of the Execution Date and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except, in the case of this clause (ii), for such failures of representations and warranties of Seller to be so true and correct as, individually or in the aggregate, would not reasonably be expected to have a Seller Material Adverse Effect; provided, however, that any representation or warranty qualified by materiality or Seller Material Adverse Effect shall be deemed not to be so qualified for the purposes of this Section 7.2(a);

(b) Seller shall have performed and observed, in all material respects (and in all respects in the case of any covenants and agreements qualified by substantiality, materiality, Seller Material Adverse Effect), all covenants and agreements to be performed or observed by it under this Agreement prior to or on the Closing Date;

(c) On the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial Damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Purchaser or any of its Affiliates) shall be pending or threatened in writing before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial Damages from Purchaser or any Affiliate of Purchaser resulting therefrom;

(d) The net sum of all downward adjustments to the Purchase Price to be made or reasonably alleged in good faith pursuant to Sections 2.3(a) and 2.3(b) shall be less than or equal to fifteen percent (15%) of the Unadjusted Purchase Price; and

(e) Seller shall have delivered or be prepared to deliver all of the deliverables Seller is required to deliver pursuant to Section 8.2.

ARTICLE 8
CLOSING

8.1 **Time and Place of Closing**. The consummation of the purchase and sale of the Assets contemplated by this Agreement (the "Closing") shall, unless otherwise agreed to in writing by Purchaser and Seller, take place at the offices of Bracewell LLP located at 711 Louisiana Street, STE 2300, Houston, Texas 77002, at 10:00 a.m., local time, on July 1, 2021 (the "Target Closing Date"), or if all conditions in Article 7 to be satisfied prior to Closing have not yet been satisfied or waived, as soon thereafter as such conditions have been satisfied or waived, subject to the provisions of Article 10. The date on which the Closing occurs with respect to any Asset is referred to herein as the "Closing Date" for such Asset.

8.2 **Obligations of Seller at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Purchaser of its obligations pursuant to Section 8.3, Seller shall deliver or cause to be delivered to Purchaser, among other things, the following:

(a) Counterparts of the Assignment and Bill of Sale, duly executed and acknowledged by Seller, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(b) Counterparts of the Deed, duly executed and acknowledged by Seller, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(c) Assignments in form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed and acknowledged (to the extent so required) by Seller, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(d) A certificate of non-foreign status of Seller meeting the requirements of Treasury Regulations Section 1.1445-2(b)(2);

(e) Letters-in-lieu of transfer or division orders executed by Seller to reflect the transaction contemplated hereby, which letters shall be on forms prepared by Seller and reasonably satisfactory to Purchaser;

(f) A certificate from each of Sabalo Energy and Sabalo Operating duly executed by an authorized officer of such Party, as applicable, dated as of the Closing, certifying on behalf of such Party, that the conditions set forth in Sections 7.2(a) and 7.2(b) have been fulfilled;

(g) A validly executed IRS Form W-9 of Seller;

(h) Where notices of approval, consent, or waiver are received by Seller pursuant to a filing or application under Section 6.6, copies of such notices;

(i) Any other forms or instruments required by any Governmental Authority relating to the assignments or transfer of any interest in or to any of the Assets;

(j) Releases and terminations of any mortgages, deeds of trust, assignments of production, financing statements, and fixture filings burdening the Assets (including, for purposes of clarity, UCC-3s), which releases and terminations shall be in form and substance reasonably satisfactory to Purchaser;

(k) Joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Seller;

(l) A counterpart of the Indemnity Holdback Escrow Agreement, duly executed by Seller;

(m) A counterpart of the Registration Rights Agreement, duly executed by Seller;

(n) Appropriate change of operator forms for the Assets operated by Seller or any of its Affiliates, designating Purchaser as operator of such Assets;

(o) The Preliminary Settlement Statement, duly executed by Seller;

(p) A counterpart to each Restrictive Covenant Agreement, duly executed by the applicable Restricted Person;

(q) A counterpart of the Transition Services Agreement, duly executed by Seller;

(r) Counterparts of the Standstill Agreement, duly executed by Seller and EnCap, respectively;

(s) A counterpart of the Reimbursement Agreement, duly executed by Seller;

(t) if the closing of the transactions contemplated by the Shad PSA occurs contemporaneously with the Closing hereunder, releases of all of the Sabalo-Shad Transaction Documents, to release the Assets from the obligations and liabilities set forth therein or arising thereunder, which releases and terminations shall be in form and substance reasonably satisfactory to Purchaser; and

(u) All other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Purchaser.

8.3 Obligations of Purchaser at Closing. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Seller of its obligations pursuant to Section 8.2, Purchaser shall deliver or cause to be delivered to Seller, among other things, the following:

(a) (i) A wire transfer of the Cash Closing Payment in same-day funds to an account specified by Seller and (ii) the number shares of Purchaser Common Stock constituting the Stock Closing Payment;

(b) A wire transfer of the Defect Escrow Amount in same day funds to the Defect Escrow Account as provided in Section3.8(e), if applicable.

(c) Counterparts of the Assignment and Bill of Sale, duly executed and acknowledged by Purchaser, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(d) Counterparts of the Deed, duly executed and acknowledged by Purchaser, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(e) Assignments in form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed and acknowledged (to the extent so required) by Purchaser, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(f) A certificate duly executed by an authorized officer of Purchaser, dated as of the Closing, certifying on behalf of Purchaser that the conditions set forth in Sections 7.1(a) and 7.1(b) have been fulfilled;

(g) Where notices of approval, consent, or waiver are received by Purchaser pursuant to a filing or application under Section 6.6, copies of such notices;

(h) Evidence of replacement of all Credit Support to the extent required pursuant to Section 6.6(b);

(i) Any other forms or instruments required by any Governmental Authority relating to the assignments or transfer of any interest in or to any of the Assets;

(j) Joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Seller;

(k) A wire transfer of the Indemnity Holdback Amount in same-day funds to the Indemnity Holdback Escrow Account as provided in Section 8.5(a);

(l) A counterpart of the Indemnity Holdback Escrow Agreement, duly executed by Purchaser;

(m) A counterpart of the Registration Rights Agreement, duly executed by Purchaser;

(n) The Preliminary Settlement Statement, duly executed by Purchaser;

(o) Evidence reasonably satisfactory to Seller of the satisfaction of the condition set forth in Section 7.1(e);

(p) A counterpart to each Restrictive Covenant Agreement, duly executed by Purchaser;

(q) A counterpart of the Transition Services Agreement, duly executed by Purchaser;

(r) A counterpart of the Standstill Agreement, duly executed by Purchaser;

(s) A counterpart of the Reimbursement Agreement, duly executed by Purchaser; and

(t) All other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Seller.

8.4 Closing Payment and Post-Closing Purchase Price Adjustments.

(a) Not later than five (5) Business Days prior to the Closing Date, Seller shall in good faith prepare and deliver to Purchaser, using and based upon the best information available to Seller, a draft preliminary settlement statement (the "Preliminary Settlement Statement") setting forth Seller's good faith estimate of the (i) adjusted Purchase Price for the Assets as of the Closing Date and the Cash Purchase Price, in each case, after giving effect to all adjustments set forth in Section 2.3, and (ii) the amount of (A) the Cash Purchase Price less (B) (1) the amount of the Deposit (together with all earnings, interest and income thereon), (2) the Defect Escrow Amount (if applicable), and (3) the Indemnity Holdback Amount, which shall constitute the dollar amount to be payable by Purchaser to Seller in cash at Closing (the "Cash Closing Payment") and (iii) the number of shares of Purchaser Common Stock constituting the Stock Purchase Price (the "Stock Closing Payment" and, together with the Cash Closing Payment, the "Closing Payment"). Seller shall supply to Purchaser reasonable documentation in the possession or control of Seller and its Affiliates to support the items for which adjustments are proposed or made in the Preliminary Settlement Statement delivered by Seller and a reasonably detailed explanation of any such adjustments and the reasons therefor. Within three (3) Business Days after receipt of Seller's draft Preliminary Settlement Statement, Purchaser may deliver to Seller a written report containing all changes that Purchaser proposes to be made to the Preliminary Settlement Statement, if any, together with a brief explanation of any such changes. The Preliminary Settlement Statement, as agreed upon by the Parties, will be used to adjust the Unadjusted Purchase Price at Closing; provided that if the Parties cannot agree on all adjustments set forth in the Preliminary Settlement Statement prior to the Closing, then any adjustments as set forth in the Preliminary Settlement Statement as presented by Seller (with any amendments or modifications thereto that were so agreed between the Parties) will be used to adjust the Unadjusted Purchase Price at Closing. For purposes of clarity, Purchaser's failure to propose any changes to the Preliminary Settlement Statement and/or Purchaser's agreement to all or any portion of the Preliminary Settlement Statement proposed by Seller shall not, and shall not be deemed or construed to, prejudice any of Purchaser's rights hereunder (including, for purposes of clarity, Purchaser's right to dispute any adjustment or amount set forth in the Preliminary Settlement Statement in connection with the final calculation and determination of the Purchase Price pursuant to Section 8.4(b) and/or 8.4(c), as applicable).

(b) As soon as reasonably practicable after the Closing but not later than the ninetieth (90th) day following the Closing Date, Seller shall prepare and deliver to Purchaser a draft statement setting forth the final calculation of the Purchase Price (the "Final Settlement Statement") and showing the calculation of each adjustment under Section 2.3, based on the most recent actual figures available for each adjustment. Seller shall make such reasonable documentation as is in Seller's or any of its Affiliates possession or control available to support the final figures set forth in the Final Settlement Statement. As soon as reasonably practicable, but not later than the thirtieth (30th) day following receipt of such Final Settlement Statement from Seller (as such time period may be extended as described below, the "Purchaser Comment Deadline"), Purchaser may deliver to Seller a written report containing any changes that Purchaser proposes be made to such Final Settlement Statement. Seller may deliver a written report to Purchaser on or prior to the Purchaser Comment Deadline reflecting any changes that Seller proposes to be made to the Final Settlement Statement as a result of additional information received after the Final Settlement Statement was first prepared and delivered to Purchaser hereunder (and if any such written report is delivered by Seller to Purchaser on or after the date that is five (5) Business Days before the Purchaser Comment Deadline, then the Purchaser Comment Deadline will be automatically extended for five (5) Business Days). If Purchaser does not deliver such report to Seller on or before the Purchaser Comment Deadline, Purchaser shall be deemed to have agreed with Seller's Final Settlement Statement, and such Final Settlement Statement shall become final and binding upon the Parties.

(c) The Parties shall undertake to agree on the Final Settlement Statement of the Purchase Price no later than ninety (90) days after the delivery to Purchaser of Seller's initial Final Settlement Statement. In the event that the Parties cannot reach agreement on the final Purchase Price within such period of time, any Party may refer the items of adjustment which are in dispute to, the Houston, Texas office of KPMG LLP, or, if such firm is not able or willing to serve, a nationally-recognized independent accounting firm or consulting firm mutually acceptable to both Purchaser and Seller (the "Accounting Arbitrator"), for review and final determination by arbitration. If Purchaser and Seller have not agreed upon a mutually acceptable alternate Person to serve as Accounting Arbitrator within ten (10) Business Days of receiving notice of KPMG LLP's unavailability, Seller shall, within ten (10) Business Days after the end of such initial ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association to choose the Accounting Arbitrator. The Accounting Arbitrator shall conduct the arbitration proceedings in Houston, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules do not conflict with the terms of this Section 8.4(c). The Accounting Arbitrator's determination shall be made within forty-five (45) days after submission of the matters in dispute and shall be final and binding on all Parties, without right of appeal. In determining the proper amount of any adjustment to the Purchase Price, the Accounting Arbitrator shall be bound by the terms of Article 2 and may not increase the Purchase Price more than the increase proposed by Seller nor decrease the Purchase Price more than the decrease proposed by Purchaser, as applicable. The Accounting Arbitrator shall act as an expert for the limited purpose of determining the specific disputed aspects of Purchase Price adjustments submitted by any Party and may not award damages, interest (except as expressly provided for in this Section 8.4(c)) or penalties to any Party with respect to any matter. Seller and Purchaser shall each bear their own legal and accounting fees and other costs of presenting its case to the Accounting Arbitrator. Seller shall bear one-half and Purchaser shall bear one-half of the costs and expenses of the Accounting Arbitrator. Within ten (10) days after the earlier of (i) the Purchaser Comment Deadline without delivery by Purchaser to Seller of any written report with respect to the Final Settlement Statement under Section 8.4(b) or (ii) the date on which the Parties or the Accounting Arbitrator, as applicable, finally determine the Purchase Price, (x) Purchaser shall pay to Seller in cash the amount by which the Purchase Price (less the Deposit (together with all earnings, interest and income thereon), the Defect Escrow Amount (if applicable) and the Indemnity Holdback Amount) exceeds the Closing Payment or (y) Seller shall pay to Purchaser in cash the amount by which the Closing Payment exceeds the final Purchase Price (less the Deposit (together with all earnings, interest and income thereon), the Defect Escrow Amount (if applicable) and the Indemnity Holdback Amount), as applicable.

(d) Purchaser shall use commercially reasonable efforts to assist Seller in preparation of the Final Settlement Statement under Section 8.4(b) by furnishing invoices, receipts, reasonable access to personnel, and such other assistance as may be reasonably requested by Seller to facilitate such process post-Closing (but in no event shall Purchaser be obligated to pay or incur any funds in connection with providing such assistance).

(e) All cash payments made or to be made under this Agreement to Seller shall be made by electronic transfer of immediately available funds to a bank account as may be specified by Seller in writing. All cash payments made or to be made hereunder to Purchaser shall be by electronic transfer of immediately available funds to a bank and account specified by Purchaser in writing.

8.5 Indemnity Holdback.

(a) On the Closing Date, Purchaser shall deposit into the Indemnity Holdback Escrow Account an amount equal to Sixty-Three Million Four Hundred Twenty-Six Thousand Two Hundred Fifty-Nine and NO/100 Dollars ($63,426,259.00) in cash (the "Indemnity Holdback Amount"), for the purpose of securing the satisfaction and discharge of indemnity claims of Purchaser against Seller under this Agreement. For the avoidance of doubt, the Indemnity Holdback Amount represents a portion of, and is not in addition to, the Purchase Price and will reduce the Cash Closing Payment as provided in Section 8.4(a). The Indemnity Holdback Escrow Account shall be governed by the provisions of this Section 8.5 and an escrow agreement that Purchaser and Seller shall execute and deliver at Closing to the Escrow Agent (with each Party negotiating reasonably, in good faith and without undue delay) and which shall be in customary form and contain terms and provisions consistent with this Section 8.5 (the "Indemnity Holdback Escrow Agreement"). Except as expressly provided herein, the joint, written authorization of representatives of both Purchaser and Seller pursuant to the Indemnity Holdback Escrow Agreement shall be required for the disbursement of any portion of the Indemnity Holdback Amount.

(b) With respect to each claim for indemnification asserted by Purchaser against Seller pursuant to Article 11 during the period from and after the Closing Date up to the date that is eighteen (18) months following the Closing Date (the "Holdback Period"), upon final resolution or determination of such an indemnity claim by the Parties or in accordance with Section 12.5, such amount as would satisfy such finally resolved or determined indemnity claim will, to the extent it is capable of being satisfied (in whole or in part) by the amounts remaining in the Indemnity Holdback Escrow Account as of such time, be satisfied first from the Indemnity Holdback Escrow Account and Purchaser and Seller shall promptly (and in any event within two (2) Business Days after such resolution or determination) jointly instruct the Escrow Agent to disburse to Purchaser a portion of the Indemnity Holdback Amount equal to such amount. For the avoidance of doubt, disbursements from the Indemnity Holdback Escrow Account shall not be the sole and exclusive recourse of Purchaser for any breach of any representation, warranty or covenant of Seller pursuant to this Agreement or any other post-Closing liability of Seller pursuant to this Agreement (including any indemnity obligation), and, if such amounts in the Indemnity Holdback Escrow Account are insufficient to fully satisfy any amounts to which any member of the Purchaser Group may be entitled hereunder, such insufficiency shall not be deemed to prohibit, restrict or otherwise limit such member of the Purchaser Group from seeking recovery hereunder.

(c) If, upon the final resolution or determination of any such indemnity claim during the Holdback Period, Purchaser and Seller fail to deliver a joint written instruction to the Escrow Agent in accordance with Section 8.5(b), then the Escrow Agent shall, upon delivery by Purchaser or Seller to the Escrow Agent of a written final, non-appealable court order from a court of competent jurisdiction, disburse to Purchaser a portion of the Indemnity Holdback Amount equal to the amounts set forth in such court order.

(d) Purchaser and Seller shall jointly instruct the Escrow Agent to release to Seller (i) on December 15, 2021 (the "First Holdback Release Date"), an amount equal to fifty percent (50%) of the then-remaining Indemnity Holdback Amount *less* an amount equal to the aggregate amount of all outstanding claims for indemnification for which Purchaser has provided notice to Seller and that have not been previously satisfied in full (which amount shall remain part of the Indemnity Holdback Escrow Account until final resolution of such outstanding indemnity claims (the "Initial Release Disputed Claims")); provided, that if the amount of the then-remaining Indemnity Holdback Amount *less* the amount of the Initial Release Disputed Claims is equal to an amount that is equal to or less than fifty percent (50%) of the original Indemnity Holdback Amount, then no amounts will be released from the Indemnity Holdback Escrow Account on the First Holdback Release Date, and (ii) subject to the foregoing, on the first Business Day after the expiration of the Holdback Period, any amount then-remaining in the Indemnity Holdback Escrow Account except for any amounts retained in the Indemnity Holdback Escrow Account at such time in respect of any Initial Release Disputed Claims *plus* an amount equal to the aggregate amount of all outstanding claims for indemnification made subsequent to the First Holdback Release Date for which Purchaser has provided notice to Seller and that have not been previously satisfied (which amount shall remain part of the Indemnity Holdback Escrow Account until final resolution of such outstanding indemnity claims (the "Final Release Disputed Claims" and, together with the Initial Release Disputed Claims, the "Disputed Claims")). Upon final resolution or determination of all Disputed Claims by the Parties or in accordance with Section 12.7, as applicable, Purchaser and Seller shall deliver to the Escrow Agent joint written instructions to disburse to Purchaser from the Indemnity Holdback Escrow Account an amount equal to the amount so finally determined to be owed to Purchaser (if any), and all other amounts remaining in the Indemnity Holdback Escrow Account in respect of such Disputed Claim shall be disbursed to Seller. If Purchaser and Seller fail to deliver a joint written instruction to the Escrow Agent in accordance with the foregoing sentence within three (3) Business Days following the final resolution or determination of the applicable Disputed Claim, then the Escrow Agent shall, upon delivery by Purchaser or Seller to the Escrow Agent of a written final, non-appealable court order from a court of competent jurisdiction relating to such Disputed Claim, disburse an amount from the Indemnity Holdback Escrow Account in respect of such Disputed Claim as provided in the immediately preceding sentence.

ARTICLE 9
TAX MATTERS

9.1 Allocation of Asset Taxes.

(a) Seller shall be allocated and bear all Asset Taxes attributable to (i) any Tax period ending prior to the Effective Date and (ii) the portion of any Straddle Period ending immediately prior to the Effective Date, provided, however, with respect to both (i) and (ii), that Purchaser shall be allocated and bear Asset Taxes associated with the Hydrocarbons produced from, or attributable to, the Properties and sold during the period up to but excluding the Effective Date, if the amount earned from the sale is not received by Seller (including, for purposes of clarity, through an increase to the Unadjusted Purchase Price pursuant to Section 2.3) prior to the Cut-Off Date; provided, further, however, that Seller (not Purchaser) shall be allocated and bear the portion, if any, of the Asset Taxes described in the previous proviso that consist of penalties, interest or additions to any Tax to the extent attributable to a breach by Seller of the representations set forth in Section 4.3. Purchaser shall be allocated and bear all Asset Taxes attributable to (A) any Tax period beginning on or after the Effective Date and (B) the portion of any Straddle Period beginning on the Effective Date; *provided*, *however*, Seller (not Purchaser) shall be allocated and bear the portion, if any, of the Asset Taxes described in this sentence that consist of penalties, interest or additions to any Tax to the extent attributable to a breach by Seller of the representations set forth in Section 4.3.

(b) For purposes of determining the allocations described in Section 9.1(a), (i) Asset Taxes that are attributable to the severance or production of Hydrocarbons (other than such Asset Taxes described in clause (iii) below) shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred, (ii) Asset Taxes that are imposed on a transactional basis (other than such Asset Taxes described in clause (i) or (iii)), shall be allocated to the period in which the transaction giving rise to such Asset Taxes occurred, and (iii) Asset Taxes that are ad valorem, property or other Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the Effective Date and the portion of such Straddle Period beginning on the Effective Date by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the Effective Date, on the one hand, and the number of days in such Straddle Period that occur on or after the Effective Date, on the other hand. For purposes of clause (iii) of the preceding sentence, the period for such Asset Taxes shall begin on the date on which ownership of the applicable Assets gives rise to liability for the particular Asset Tax and shall end on the day before the next such date.

(c) To the extent the actual amount of an Asset Tax is not determinable at the time an adjustment to the Purchase Price is to be made with respect to such Asset Tax pursuant to Section 2.3 or Section 8.4, Seller and Purchaser shall utilize the most recent information available in estimating the amount of such Asset Tax for purposes of such adjustment. To the extent the actual amount of an Asset Tax (or the amount thereof paid or economically borne by a Party) is ultimately determined to be different than the amount that was taken into account in the final Purchase Price, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under this Section 9.1.

9.2 **Tax Returns**. Without limiting Purchaser's indemnification rights pursuant to Section 11.2(b), after the Closing Date, Purchaser shall (i) file (or cause to be filed) all Tax Returns with respect to Asset Taxes that are required to be filed after the Closing Date that relate to any Tax period ending before the Effective Date or any Straddle Period on a basis consistent with past practice except to the extent otherwise required by Law; provided that Purchaser shall use its reasonable best efforts, taking into account that the due date for a Tax Return may be contemporaneous with the closing of a Tax period, to submit each such Tax Return to Seller for its review and comment reasonably in advance of the due date therefor, and Purchaser shall incorporate any reasonable comments received from Seller up to five (5) days prior to the due date therefor and timely file any such Tax Return, and (ii) pay (or cause to be paid) prior to delinquency, all Asset Taxes relating to any Tax period that ends before or includes the Effective Date that become due after the Closing Date. In the case of any Tax Return described in clause (i) that includes Asset Taxes that are allocable to Seller pursuant to Section 9.1(a), Purchaser shall send to Seller a statement that apportions the Asset Taxes shown on such Tax Return between Purchaser and Seller in accordance with Section 9.1(a). Such statement shall be accompanied by proof of Purchaser's actual payment of such Asset Taxes. Within ten (10) Business Days of receipt of each such statement and proof of payment, Seller shall reimburse Purchaser for the portion of such Asset Taxes allocated to Seller in accordance with Section 9.1(a), except to the extent such Asset Taxes have decreased the Purchase Price pursuant to Section 2.3(i). Unless required by applicable Law or with Seller's prior written consent (not to be unreasonably withheld, conditioned or delayed), neither Purchaser or any of its Affiliates shall file, or cause to be filed, any amended Tax Return with respect to the Assets for any Tax period ending prior to the Effective Date or for any Straddle Period.

9.3 **Transfer Taxes**. To the extent that any Transfer Taxes are payable, Purchaser will be responsible for one hundred percent (100%) of all Transfer Taxes and shall prepare and file, or cause to be prepared and filed, all related Tax Returns. Purchaser and Seller shall reasonably cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any such Transfer Taxes.

9.4 **Cooperation on Tax Matters**. The Parties shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation, or other proceeding with respect to Taxes relating to the Assets. Such cooperation shall include the retention and (upon another Party's request) the provision of records and information that are relevant to any such Tax Return or audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided under this Agreement. Seller and Purchaser agree to retain all books and records with respect to Tax matters pertinent to the Assets relating to any Tax period beginning before the Closing Date until the expiration of the statute of limitations of the respective Tax periods and to abide by all record retention agreements entered into with any Governmental Authority.

9.5 **1031 Like-Kind Exchange Cooperation**. Seller and Purchaser agree that either or both of Seller and Purchaser may elect to treat the acquisition or sale of the Assets as an exchange of like-kind property under Section 1031 of the Code (an "Exchange"). Each Party agrees to use reasonable efforts to cooperate with the other Party in the completion of such an Exchange, including an Exchange subject to the procedures outlined in Treasury Regulations Section 1.1031(k)-1 and/or Internal Revenue Service Revenue Procedure 2000-37. Each of Seller and Purchaser shall have the right at any time prior to Closing to assign its rights under this Agreement for purposes of an Exchange to a qualified intermediary (as that term is defined in Treasury Regulations Section 1.1031(k)-1(g)(4)(iii)) or an exchange accommodation titleholder (as that term is defined in Internal Revenue Service Revenue Procedure 2000-37) to effect an Exchange. In connection with any such Exchange, any exchange accommodation title holder shall have taken all steps necessary to own the Assets under applicable Law. Each Party acknowledges and agrees that neither an assignment of a Party's rights under this Agreement nor any other actions taken by a Party or any other person in connection with the Exchange shall release any Party from, or modify, any of their respective liabilities and obligations (including indemnity obligations to each other) under this Agreement, and no Party makes any representations as to any particular Tax treatment that may be afforded to any other Party by reason of such assignment or any other actions taken in connection with the Exchange. Any Party electing to treat the acquisition or sale of the Assets as an Exchange shall be obligated to pay all additional costs incurred hereunder as a result of the Exchange, and in consideration for the cooperation of the other Party, the Party electing Exchange treatment shall agree to pay all costs associated with the Exchange and to indemnify and hold the other Party, its Affiliates, and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives harmless from and against any and all Damages and Taxes arising out of, based upon, attributable to or resulting from the Exchange or transactions or actions taken in connection with the Exchange that would not have been incurred by the other Party but for the electing Party's Exchange election.

9.6 **Refunds**. Seller shall be entitled to any and all refunds of Seller Taxes. If Purchaser or its Affiliates receives a refund of Taxes to which Seller is entitled pursuant to this Section 9.6, Purchaser shall forward, and shall cause its Affiliates to forward, to Seller the amount of any such refund within ten (10) days after such credit or refund is received.

9.7 **Tax Proceedings**. Purchaser shall, within five (5) days of receipt, provide Seller with written notice of any inquiries, audits, examinations or proposed adjustments by any Governmental Authority, which relates to any Asset Taxes for any Tax period ending prior to the Effective Date or any Straddle Period (each, a "Pre-Effective Date Tax Proceeding"); provided that the failure of Purchaser to give notice of a Pre-Effective Date Tax Proceeding shall not relieve the Seller of its obligations under this Agreement, except to the extent Seller is materially prejudiced by such failure. Seller shall have the option to control the conduct and resolution of any Pre-Effective Date Tax Proceeding that relates solely to a Tax period ending prior to the Effective Date. Seller may exercise such option by providing written notice to Purchaser within fifteen (15) days of receiving written notice of any such Pre-Effective Date Tax Proceeding from Purchaser. If Seller elects to control a Pre-Effective Date Tax Proceeding, Seller shall (i) keep Purchaser informed of the progress of any such Pre-Effective Date Tax Proceeding, (ii) provide Purchaser with copies of material correspondence with respect to any such Tax Proceeding, (iii) permit Purchaser (or Purchaser's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Pre-Effective Date Tax Proceeding (at Purchaser's cost), and (iv) not effect any settlement or compromise of any such Pre-Effective Date Tax Proceeding without the written consent of Purchaser, not to be unreasonably conditioned, delayed or withheld. Purchaser shall control any Pre-Effective Date Tax Proceeding that relates solely to a Tax period ending before the Effective Date that Seller does not elect to control or any Pre-Effective Date Tax Proceeding that relates to any Straddle Period; provided, that, Purchaser shall (i) keep Seller informed of the progress of any such Pre-Effective Date Tax Proceeding, (ii) provide Seller with copies of material correspondence with respect to any such Tax Proceeding, (iii) permit Seller (or Seller's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Pre-Effective Date Tax Proceeding (at Seller's cost), and (iv) not effect any settlement or compromise of any such Pre-Effective Date Tax Proceeding without the written consent of Seller, not to be unreasonably conditioned, delayed or withheld. In the event of a conflict between the provisions in this Section 9.7 and those in Section 11.4, this Section 9.7 shall control.

9.8 **Allocation of Purchase Price**. After the Closing, the Parties shall cooperate in good faith to allocate the Unadjusted Purchase Price, Assumed Obligations, and all other items constituting consideration for applicable Income Tax purposes (to the extent known) among the Assets in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder and in a manner consistent with Schedule 2.2 (the "Allocation"). If Seller and Purchaser reach an agreement with respect to the Allocation, Seller and Purchaser shall report, and cause their respective Affiliates to report, the transactions contemplated by this Agreement consistently with such agreed-upon Allocation on any Tax Return, including Internal Revenue Service Form 8594, as applicable, and will not assert, and will cause their respective Affiliates not to assert, in connection with any Tax audit or other proceeding with respect to Taxes, any asset values or other items inconsistently with such agreed-upon Allocation except with the agreement of the other Party or as required by applicable Law; provided, however, that nothing in this Agreement shall prevent Purchaser or Seller from settling any proposed deficiency or adjustment by any Governmental Authority based upon or arising out of the Allocation and neither Purchaser or Seller shall be required to litigate before any court any proposed deficiency or adjustment by any Governmental Authority challenging the Allocation. The Parties agree to promptly advise each other regarding the existence of any Tax audit, controversy or litigation related to the Allocation.

9.9 **Shad Tax Partnership**. Seller shall prepare and file, or cause to be prepared and filed, all income Tax Returns with respect to the Shad Tax Partnership for any Tax period that ends on or before the Closing Date. Purchaser shall prepare and file, or cause to be prepared and filed, all income Tax Returns with respect to the Shad Tax Partnership for any Tax period that begins on or before, and ends after, the Closing Date in accordance with the past practice and conventions utilized with respect to the Shad Tax Partnership, unless otherwise required by applicable Law and subject to the last sentence of this Section 9.9; provided, that Purchaser shall not file, or cause to be filed, any such income Tax Return without the prior written consent of Seller (not to be unreasonably withheld, conditioned or delayed). If the closing of the transactions contemplated by the Shad PSA occurs on the Closing Date, the Parties agree to report Purchaser's acquisition of the assets constituting the Shad Tax Partnership in accordance with the principles of Situation 2 of Rev. Rul. 99-6, 1999-1 C.B. 432. If the closing of the transactions contemplated by the Shad PSA occurs after the Closing Date, Purchaser will cause the Shad Tax Partnership to make a Code Section 754 election that will apply to the Tax year of the Shad Tax Partnership that includes the Closing Date, and Seller consents to such election and will cooperate, as reasonably requested by Purchaser, in connection with the making of such election.

ARTICLE 10
TERMINATION

10.1 **Termination**. This Agreement may be terminated at any time prior to Closing:

(a) by the mutual prior written consent of Seller and Purchaser;

(b) by either Seller or Purchaser if the Closing has not occurred on or before July 31, 2021 (the "Outside Date");

(c) by Seller, at Seller's option, if any of the conditions set forth in Section 7.1 (other than Sections 7.1(c) or 7.1(d)) have not been satisfied by the Target Closing Date (except for those conditions that by their nature are to be satisfied at or in connection with the Closing and that would have been capable of being satisfied at or in connection with the Closing) and, following written notice thereof from Seller to Purchaser specifying the reason any such condition is unsatisfied (including any material breach by Purchaser of this Agreement), such condition remains unsatisfied for a period of twenty (20) days after Purchaser's receipt of written notice thereof from Seller;

(d) by Purchaser, at Purchaser's option, if any of the conditions set forth in Section 7.2 (other than Sections 7.2(c) or 7.2(d)) have not been satisfied by the Target Closing Date (except for those conditions that by their nature are to be satisfied at or in connection with the Closing and that would have been capable of being satisfied at or in connection with the Closing) and, following written notice thereof from Purchaser to Seller specifying the reason any such condition is unsatisfied (including any material breach by Seller of this Agreement), such condition remains unsatisfied for a period of twenty (20) days after Seller's receipt of written notice thereof from Purchaser;

(e) by either Seller or Purchaser if consummation of the transactions contemplated hereby is enjoined, restrained or otherwise prohibited or otherwise made illegal by the terms of a final, non-appealable order; or

(f) by Seller, if Purchaser has not deposited the Deposit into the Deposit Escrow Account within two (2) Business Days following the Execution Date (in accordance with the terms of Section 2.1(b));

provided, however, that, no Party shall be entitled to terminate this Agreement under Section 10.1(b), 10.1(c) or 10.1(d), as applicable, if, at the time such Party would otherwise be entitled to exercise such right to terminate this Agreement, such Party: (A) is in breach of any of its representations or warranties set forth in this Agreement or (B) such Party has failed to perform or observe such Party's covenants and agreements in this Agreement, in each case of (A) or (B), in a manner that causes any condition with respect to the other Party's obligation to consummate the transactions contemplated by this Agreement set forth in Sections 7.1(a), 7.1(b), 7.1(e), 7.1(f), 7.2(a), 7.2(b), or 7.2(e) as applicable, not to be satisfied, or (C) such Party fails to proceed with the consummation of the transactions contemplated by this Agreement once the applicable conditions in Section 7.1 (in the case of a failure by Seller) or Section 7.2 (in the case of a failure by Purchaser) have been satisfied or waived.

10.2 **Effect of Termination**. If this Agreement is terminated pursuant to Section 10.1, (a) this Agreement shall become void and of no further force or effect (except for the provisions of Article 1, this Article 10, Sections 4.9, 4.25, 5.16, 5.17, 6.3, 6.5, 11.4 (as it relates to claims under Section 6.5), 12.2, 12.3, 12.6, 12.7, 12.8, 12.9, 12.11, 12.13, 12.14, 12.16, 12.17, and 12.18, all of which shall continue in full force and effect) and Seller shall be free immediately to enjoy all rights of ownership of the Assets and to sell, transfer, encumber or otherwise dispose of all or any portion of the Assets to any Person without any restriction under this Agreement and (b) there shall be no liability under this Agreement on the part of Purchaser or Seller or any of their respective Affiliates, partners, officers, owners, shareholders, members, officers, directors, managers, employees, agents or other Representatives except as expressly set forth in this Section 10.2, Section 10.3, and the Confidentiality Agreement, which Confidentiality Agreement shall survive any termination of this Agreement in accordance with its terms.

10.3 **Distribution of Deposit and Remedies Upon Termination; Specific Performance**.

(a) In the event that (i) all conditions precedent to the obligations of Seller set forth in Section 7.1 have been fulfilled, satisfied or waived in writing by Seller (except for those conditions that by their nature are to be satisfied by or on behalf of Purchaser at or in connection with Closing, all of which Purchaser stands ready, willing and able to satisfy, and other than the failure of any such conditions to Closing of Seller resulting from the breach or failure of any of Seller's representations, warranties or covenants hereunder) and (ii) Purchaser is entitled to terminate this Agreement under Section 10.1(b) or 10.1(d) because the conditions precedent to the obligations of Purchaser set forth in Section 7.2 are not satisfied as of such time solely as a result of the breach or failure of Seller's representations, warranties, or covenants hereunder, including, if and when required, Seller's obligations to consummate the transactions contemplated hereunder at Closing, then Purchaser shall be entitled, as its sole and exclusive remedy, to elect in writing, in its sole discretion, to either: (A) seek specific performance of this Agreement (without the necessity of posting bond or furnishing other security); provided that Purchaser's ability to terminate this Agreement and seek recovery pursuant to clause (B) below shall not be limited if Purchaser causes any such action for specific performance to be dismissed prior to reaching a final, non-appealable decision; or (B) terminate this Agreement pursuant to Section 10.1(b) or 10.1(c), as applicable, in which case, Purchaser shall be entitled (1) to receive the entirety of the Deposit for the sole account and use of Purchaser and (2) to recover the amount determined in accordance with Schedule 10.3(a). In the case of clause (B) above, not later than two (2) Business Days following Purchaser's election to terminate this Agreement, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Purchaser.

(b) In the event that (i) all conditions precedent to the obligations of Purchaser set forth in Section 7.2 have been fulfilled, satisfied or waived in writing by Purchaser (except for those conditions that by their nature are to be satisfied by or on behalf of Seller at or in connection with Closing, all of which Seller stands ready, willing and able to satisfy) and (ii) Seller is entitled to terminate this Agreement under Section 10.1(b) or 10.1(c) because the conditions precedent to the obligations of Seller set forth in Section 7.1 are not satisfied as of such time solely as a result of the breach or failure of Purchaser's representations, warranties, or covenants hereunder, including, if and when required, Purchaser's obligations to consummate the transactions contemplated hereunder at Closing, then Seller shall be entitled, as its sole and exclusive remedy, to elect in writing to terminate this Agreement pursuant to Section 10.1(b) or 10.1(c), as applicable, and receive the entirety of the Deposit for the sole account and use of Seller as liquidated damages hereunder without waiving or releasing the Purchaser's obligations under the provisions that remain in effect following a termination pursuant to Section 10.2(a). Seller and Purchaser acknowledge and agree that (x) Seller's actual damages upon the event of such a termination are difficult to ascertain with any certainty, (y) the Deposit is a fair and reasonable estimate by the Parties of such aggregate actual damages of Seller, and (z) such liquidated damages do not constitute a penalty. In the case of clause (B) above, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Seller.

(c) In the event that Seller has elected to terminate this Agreement under Section 10.1(f), Seller shall be entitled to all remedies available at law or in equity (excluding, for purposes of clarity, any right to seek specific performance), and shall be entitled to recover court costs and attorneys' fees in addition to other relief to which Seller may be entitled.

(d) If this Agreement is terminated for any reason other than the reasons set forth in Sections 10.3(a), 10.3(b) or 10.3(c), Purchaser shall be entitled to receive the entirety of the Deposit, free of any claims by Seller or any other Person with respect thereto. In such event, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Purchaser.

(e) Notwithstanding anything to the contrary herein but subject to the other terms and provisions of this Section 10.3, if a Party has failed to perform or observe in any material respect any of its agreements or covenants contained herein which are to be performed or observed at, prior to or, if Closing has occurred, after the Closing (including, if applicable pursuant to Section 10.3(a) above, the obligation of Seller to consummate the Closing, but specifically excluding the obligation of Purchaser to consummate the Closing), the other Party may seek specific performance of such covenant or agreement at any time prior to the valid termination of this Agreement without the necessity of posting bond or furnishing other security; provided, however, Seller shall not have the right to specific performance of, or other equitable relief with respect to, the obligation of Purchaser to consummate the Closing. Each Party understands and agrees that the other Party may suffer irreparable damage as a result of it failing to perform or observe in any material respect any of its agreements or covenants contained herein which are to be performed or observed at, prior to or, if Closing has occurred, after the Closing. Accordingly, each Party waives any right it may have to challenge the enforceability of this Agreement by a decree of specific performance and agrees it will not argue in any proceeding that the requirements for specific performance have not been met, that monetary damages constitute a sufficient remedy or make any other argument in opposition to the specific performance of this Agreement.

ARTICLE 11
INDEMNIFICATION; LIMITATIONS

11.1 **Assumed Obligations**. Subject to, and without limitation of, Purchaser's rights to indemnity under this Article 11, the terms of Article 3 (including Purchaser's rights and remedies arising thereunder), the special warranty of Defensible Title in the Assignment and Bill of Sale, the special warranty of title in the Deed or any adjustments to the Unadjusted Purchase Price set forth in Section 2.3, on the Closing Date, Purchaser shall assume and hereby agrees to fulfill, perform, pay, and discharge (or cause to be fulfilled, performed, paid, or discharged) all of the obligations and liabilities of Seller and its Affiliates, known or unknown, with respect to the Assets, regardless of whether such obligations or liabilities arose prior to, on, or after the Effective Date, including the following (collectively, and, for purposes of clarity, excluding the Retained Obligations, the "Assumed Obligations"):

(a) all obligations and liabilities arising from or in connection with any production, pipeline, storage, processing, or other imbalance attributable to Hydrocarbons produced from the Properties, whether before, on, or after the Effective Date, including obligations to furnish makeup gas in accordance with the terms of applicable gas sales, gathering, or transportation Contracts;

(b) obligations to pay working interests, Royalties and other Suspense Funds held by Seller as of the Closing Date (with respect to such Suspense Funds, solely to the extent Purchaser receives a downward adjustment to the Purchase Price at Closing pursuant to Section 2.3 in respect thereof);

(c) obligations for plugging and abandonment of all of the Wells and dismantlement, decommissioning, or abandonment of all structures and Equipment included in the Assets or located on the lands covered by, or described in, the Leases (whether such Leases have terminated or expired) and restoration of the surface covered by the Assets in accordance with applicable Laws (whether or not required to be plugged, abandoned, dismantled, or restored as of the Effective Date, and whether or not the applicable Lease has terminated or expired), including any obligations to assess, remediate, remove, and dispose of NORM, asbestos, mercury, drilling fluids, chemicals, and produced waters and Hydrocarbons;

(d) subject to the terms of Article 3, the special warranty of Defensible Title in the Assignment and Bill of Sale and the special warranty in the Deed, all Damages and obligations arising from, or relating to, Title Defects, deficiencies, or other title matters with respect to the Assets, whether arising or relating to periods of time before, on, or after the Effective Date; and

(e) subject to the terms of Article 3, all Damages and obligations arising from, or relating to, Environmental Defects, or other environmental matters, with respect to the Assets, whether arising or relating to periods of time before, on, or after the Effective Date.

11.2 Retained Obligations. Notwithstanding the terms of Section 11.1, the Assumed Obligations shall not include, and Seller shall retain and hereby agrees to fulfill, perform, pay and discharge (or cause to be fulfilled, performed, paid or discharged), any and all liabilities, Damages, duties, or obligations, known or unknown, to the extent they are attributable to, arise out of or in connection with, or are based upon (collectively, the "Retained Obligations"):

(a) the Excluded Assets (including the ownership or operation thereof);

(b) matters required to be borne, paid or retained by Seller under Sections 2.3 and 2.4;

(c) Seller Taxes;

(d) any personal injury or death attributable to, or arising out of, Seller's or any of its Affiliates' ownership or operation of the Assets prior to the Closing Date;

(e) the off-site disposal of any Hazardous Substances, mercury, drilling fluids, chemicals, produced waters, Hydrocarbons or other materials of any nature generated by or on behalf of Seller or any of its Affiliates or otherwise produced from or attributable to any of the Assets and taken from a location that is on or within any of the Assets to a location that is not on or within any of the Assets, to the extent that such disposal occurred prior to the Closing Date;

(f) any fines or penalties of Governmental Authorities levied at any time against Seller or any of its Affiliates, or imposed or assessed at any time related to or arising out of Seller's or its Affiliates' ownership or operation of the Assets prior to the Closing Date;

(g) the actions, suits, proceedings and other matters set forth on Schedule 4.2 (or that should have been set forth on Schedule 4.2 in order for Seller's representation in Section 4.2 to have been true and correct at and as of the Execution Date and the Closing);

(h) the fraud, gross negligence or willful misconduct of Seller or any of its Affiliates in connection with the ownership or operation of the Assets prior to the Closing Date; or

(i) any payment, nonpayment, mispayment or miscalculation by or on behalf of Seller or any of its Affiliates of any Royalties, similar Lease burdens or other production proceeds owing to Working Interest owners and escheat obligations, in each case, attributable to periods prior to the Effective Date (excluding, however, Suspense Funds that are properly held in suspense and for which a downward adjustment to the Purchase Price is made at Closing pursuant to Section 2.3(f)(iii)).

11.3 Indemnification.

(a) From and after Closing, but subject to the applicable limitations set forth in this Article 11, Purchaser shall indemnify, defend, and hold harmless Seller, the EnCap Indemnitees, and its and their Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and other Representatives (collectively, the "Seller Group") from and against all Damages incurred or suffered by Seller Group:

(i) caused by, arising out of, or resulting from, the Assumed Obligations;

(ii) caused by, arising out of, or resulting from, Purchaser's breach or nonfulfillment of, or failure to perform, any of Purchaser's covenants or agreements contained in this Agreement; or

(iii) caused by, arising out of, or resulting from, any breach or inaccuracy of any representation or warranty made by Purchaser contained in Article 5 of this Agreement or in the certificate delivered at Closing pursuant to Section 8.3(f),

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, **INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON**, and further excepting in each case Damages against which Seller would be required to indemnify Purchaser Group under Section 11.3(b).

(b) From and after Closing, but subject to the applicable limitations set forth in this Article 11, Seller shall indemnify, defend, and hold harmless Purchaser and its Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives ("Purchaser Group") from and against all Damages incurred or suffered by Purchaser Group:

(i) caused by or arising out of, or resulting from, the Retained Obligations;

(ii) caused by, arising out of, or resulting from, Seller's breach or nonfulfillment of, or failure to perform, any of Seller's covenants or agreements contained in this Agreement; or

(iii) caused by, arising out of, or resulting from any breach or inaccuracy of any representation or warranty made by Seller contained in Article 4 of this Agreement, or in the certificate delivered at Closing pursuant to Section 8.2(f),

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON.

(c) Notwithstanding anything to the contrary contained in this Agreement, except in the case of Fraud, and without limitation of the special warranty of Defensible Title in the Assignment and Bill of Sale or the special warranty of title in the Deed from and after Closing, Seller's and Purchaser's sole and exclusive remedy against each other with respect to breaches of the representations, warranties, covenants, and agreements of the Parties contained in this Agreement (excluding Sections 6.5 and 6.7, which shall also be separately enforceable by Seller and Purchaser, as applicable, pursuant to whatever rights and remedies are available to it outside of this Article 11, and Section 4.7, the sole and exclusive remedy for which shall be pursuant to Section 2.3), and the affirmations of such representations, warranties, covenants, and agreements contained in the certificates respectively delivered by each Party at Closing pursuant to Sections 8.2(f) and 8.3(f), as applicable, is set forth in this Article 11 (and, with respect to the representation and warranty in Section 4.7, in Section 2.3) and if no such right of indemnification (or, with respect to the representations and warranty in Section 4.7, right under Section 2.3) is expressly provided, then such claims are hereby waived to the fullest extent permitted by Law. Except for the remedies contained in this Article 11 (and, with respect to the representation and warranty in Section 4.7, Section 2.3) and in the case of Fraud, and without limitation of the special warranty of Defensible Title in the Assignment and Bill of Sale or the special warranty of title in the Deed, upon Closing, each Party releases, remises, and forever discharges the other Party and its Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and other Representatives from any and all suits, legal or administrative proceedings, claims, demands, Damages, losses, costs, liabilities, interest, or causes of action whatsoever, in law or in equity, known or unknown, which such Party might now or subsequently may have, based on, relating to, or arising out of this Agreement or Seller's ownership, use, or operation of the Assets, or the condition, quality, status, or nature of the Assets, **INCLUDING RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE OIL POLLUTION ACT OF 1990, AS AMENDED, BREACHES OF STATUTORY AND IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, ANY RIGHTS UNDER INSURANCE POLICIES ISSUED OR UNDERWRITTEN BY THE OTHER PARTY OR ANY OF ITS AFFILIATES, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY RELEASED PERSON, INVITEE, OR THIRD PARTY, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION**.

(d) The Parties shall treat, for Tax purposes, any amounts paid pursuant to this Article 11 as an adjustment to the Purchase Price.

11.4 Indemnification Actions. All claims for indemnification under Section 6.5, Section 9.4 or Section 11.3 shall be asserted and resolved as follows:

(a) For purposes of this Article 11, the term "Indemnifying Person" when used in connection with particular Damages shall mean the Person having an obligation to indemnify another Person or Persons with respect to such Damages pursuant to this Article 11, and the term "Indemnified Person" when used in connection with particular Damages shall mean a Person having the right to be indemnified with respect to such Damages pursuant to this Article 11, Section 6.5 or Section 9.4 (including, for the avoidance of doubt, those Persons identified in Section 11.4(g)).

(b) To make a claim for indemnification under Section 6.5, Section 9.4 or Article 11, an Indemnified Person shall notify the Indemnifying Person of its claim, including the specific details of and specific basis under this Agreement for its claim (the "Claim Notice"). In the event that the claim for indemnification is based upon a claim by a third Person against the Indemnified Person (a "Claim"), the Indemnified Person shall provide its Claim Notice promptly after the Indemnified Person has actual knowledge of the Claim and shall enclose a complete copy of all papers (if any) served with respect to the Claim; provided that the failure of any Indemnified Person to give notice of a Claim as provided in this Section 11.4 shall not relieve the Indemnifying Person of its obligations under Section 6.5, Section 9.4 or Article 11, except to the extent such failure results in insufficient time being available to permit the Indemnifying Person to effectively defend against the Claim or otherwise materially prejudices the Indemnifying Person's ability to defend against the Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant, or agreement, the Claim Notice shall specify the representation, warranty, covenant, or agreement that was inaccurate or breached and the basis of such inaccuracy or breach.

(c) In the case of a claim for indemnification based upon a Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to notify the Indemnified Person whether it admits or denies its obligation to defend and indemnify the Indemnified Person against such Claim under Section 6.5, Section 9.4 or this Article 11, as applicable. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period regarding whether the Indemnifying Person admits or denies its obligation to defend the Indemnified Person, it shall be conclusively deemed obligated to provide such indemnification hereunder. The Indemnified Person is authorized, prior to and during such thirty (30) day period but prior to the Indemnifying Person admitting (or being deemed to have admitted such obligation pursuant to this Section 11.4(c)) its obligation to provide indemnification with respect to the matter in question, to file any motion, answer, or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Person and that is not prejudicial to the Indemnifying Person.

(d) If the Indemnifying Person admits its obligation (or is deemed to have admitted its obligation), it shall have the right and obligation to diligently defend and indemnify, at its sole cost and expense, the Claim. The Indemnifying Person shall have full control of such defense and proceedings, including, subject to the remainder of this Section 11.4(d), any compromise or settlement thereof. If requested by the Indemnifying Person, the Indemnified Person agrees to cooperate in contesting any Claim which the Indemnifying Person elects to contest (provided, however, that the Indemnified Person shall not be required to bring any counterclaim or cross-complaint against any Person). The Indemnified Person may, at its own expense, participate in, but not control, any defense or settlement of any Claim controlled by the Indemnifying Person pursuant to this Section 11.4(d). An Indemnifying Person shall not, without the written consent of the Indemnified Person, settle any Claim or consent to the entry of any judgment with respect thereto that (i) does not result in a final, non-appealable, resolution of the Indemnified Person's liability with respect to the Claim (including, in the case of a settlement, an unconditional written release of the Indemnified Person from all further liability in respect of such Claim) or (ii) may materially and adversely affect the Indemnified Person (other than as a result of money damages covered by the indemnity).

(e) If the Indemnifying Person does not admit its obligation or admits its obligation but fails to diligently defend, indemnify against, or settle the Claim, then the Indemnified Person shall have the right to defend against the Claim (at the sole cost and expense of the Indemnifying Person, if the Indemnified Person is entitled to indemnification hereunder), with counsel of the Indemnified Person's choosing, subject to the right of the Indemnifying Person to admit its obligation to indemnify the Indemnified Person and assume the defense of the Claim at any time prior to settlement or final, non-appealable determination thereof. If the Indemnifying Person has not yet admitted its obligation to defend and indemnify the Indemnified Person, the Indemnified Person shall send written notice to the Indemnifying Person of any proposed settlement and the Indemnifying Person shall have the option for ten (10) days following receipt of such notice to (i) admit in writing its obligation for indemnification with respect to such Claim and (ii) if its obligation is so admitted, assume the defense of the Claim, including the power to reject the proposed settlement. If the Indemnified Person settles any Claim over the objection of the Indemnifying Person after the Indemnifying Person has timely admitted its obligation for indemnification in writing (or is deemed to be obligated to indemnify such Indemnified Person pursuant to Section 11.4(c) or this Section 11.4(e)), the Indemnified Person shall be deemed to have waived any right to indemnity therefor.

(f) In the case of a claim for indemnification not based upon a Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to (i) cure the Damages complained of, (ii) admit its obligation to provide indemnification with respect to such Damages, or (iii) dispute the claim for such Damages. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period that it has cured the Damages or that it disputes the claim for such Damages, the Indemnifying Person shall be conclusively deemed to be obligated to provide indemnification hereunder, subject to the other provisions of this Article 11.

(g) Any claim for indemnity under Section 6.5, Section 9.4 or this Article 11 by any Affiliate, partner, member, shareholder, owner, officer, director, manager, employee, agent or Representative must be brought and administered by the applicable Party to this Agreement that is related to such Person. No Indemnified Person other than Seller and Purchaser shall have any rights against Seller or Purchaser under the terms of Section 6.5, Section 9.4 or this Article 11 except as may be exercised on its behalf by Purchaser or Seller, as applicable, pursuant to this Section 11.4(g). Seller and Purchaser may elect to exercise or not exercise indemnification rights under this Section 11.4 on behalf of the other Indemnified Persons affiliated with it in its sole discretion and shall have no liability to any such other Indemnified Person for any action or inaction under this Section 11.4.

11.5 Casualty and Condemnation.

(a) Subject to, and without limitation of, the Seller's representations, warranties, covenants and agreements made pursuant to this Agreement, if Closing occurs, then, from and after the Effective Date, Purchaser shall assume all risk of loss with respect to production of Hydrocarbons through normal depletion (including watering out of any Well, collapsed casing or sand infiltration of any Well) and the depreciation of any Equipment due to ordinary wear and tear, in each case, with respect to the Assets.

(b) If, after the Execution Date but prior to the Closing Date, any portion of the Assets is destroyed by fire or other casualty or is expropriated or taken in condemnation or under right of eminent domain (each, a "Casualty Loss"), then:

(i) Seller shall promptly notify Purchaser in writing following the occurrence of such Casualty Loss, which notice shall include reasonable detail of the nature of such Casualty Loss and Seller's good faith estimate of the costs to repair or replace the relevant Asset(s);

(ii) Seller shall use commercially reasonable efforts to mitigate (or attempt to mitigate) any Damages resulting from, or relating to, such Casualty Loss;

(iii) Purchaser shall, subject to the other terms and conditions of this Agreement, nevertheless be required to proceed with Closing; and

(iv) Seller, at the Closing, shall pay to Purchaser all sums paid or credited to Seller or any of its Affiliates by Persons by reason of such Casualty Loss insofar as with respect to the relevant Assets and shall assign, transfer and set over to Purchaser or subrogate Purchaser to all of Seller's (and, if applicable, its Affiliates') right, title and interest (if any) in and to any and all insurance claims, unpaid awards and other rights against any third Persons arising out of or in connection with such Casualty Loss insofar as with respect to the Assets.

(c) Notwithstanding anything herein to the contrary, neither Seller nor any of its Affiliates shall compromise, settle or adjust any amounts payable by reason of, or in connection with, any Casualty Loss without the prior written consent of Purchaser.

11.6 Limitation on Actions.

(a) The representations and warranties of Seller in Article 4 (excluding, for purposes of clarity, the Seller Fundamental Representations and Seller's representations and warranties in Sections 4.3 and 4.7), the corresponding representations, warranties, and affirmations given in the certificate delivered by Seller at Closing pursuant to Section 8.2(f), and the covenants and agreements of the Parties to be performed at or prior to Closing shall, in each case, survive the Closing for a period of twelve (12) months. The representations and warranties of Seller set forth in Section 4.3 shall survive the Closing for the applicable statute of limitations period plus thirty (30) days and the representations and warranties of Seller set forth in Section 4.7 shall survive the Closing until the Cut-Off Date. The representations and warranties of Purchaser in Article 5 (excluding the Purchaser Fundamental Representations), and the corresponding representations, warranties, and affirmations given in the certificate delivered by Purchaser at Closing pursuant to Section 8.3(f), shall, in each case, survive the Closing for a period of twelve (12) months. The covenants and agreements of the Parties to be performed at any time from and after Closing shall survive Closing until fully performed, subject to the applicable limitations set forth in this Section 11.6. The remainder of this Agreement shall survive the Closing and delivery of the Assignment and Bill of Sale without time limit except as may otherwise be expressly provided herein. Representations, warranties, covenants, and agreements shall be of no further force and effect after the date of their expiration, provided that there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to its expiration date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance).

(b) The indemnities in Sections 11.3(a)(ii), 11.3(a)(iii), 11.3(b)(ii), and 11.3(b)(iii) shall terminate as of the termination date of each respective representation, warranty, covenant, or agreement that is subject to indemnification thereunder, except in each case as to matters for which a bona fide specific written claim for indemnity has been delivered to the Indemnifying Person on or before such termination date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance). The indemnity in Section 11.3(b)(i) shall survive the Closing (i) as set forth in Sections 2.3 and 2.4 with respect to Section 11.2(b), (ii) for the applicable statute of limitations period plus thirty (30) days with respect to Section 11.2(c), (iii) for a period of four (4) years with respect to Section 11.2(i) and (iv) without time limit with respect to Sections 11.2(a), 11.2(d), 11.2(e), 11.2(f), 11.2(g), and 11.2(h). The indemnities in Section 11.3(a)(i) shall continue without time limit.

(c) Seller shall not have any liability for any indemnification under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), for an individual matter until and unless the amount of the liability for Damages with respect to which Seller an obligation to indemnify the Purchaser Group pursuant to the terms of Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3) exceeds One Hundred Twenty-Five Thousand Dollars ($125,000) (the "Individual Indemnity Threshold"). Without limiting the foregoing, Seller shall not have any liability for any indemnification under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3) until and unless the aggregate amount of the liability for all Damages (i) for which Claim Notices are delivered by Purchaser under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), (ii) with respect to which Seller has an obligation to indemnify Purchaser pursuant to the terms of Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), and (iii) which exceed the Individual Indemnity Threshold exceeds an amount equal to one and three-quarters of one percent (1.75%) of the Unadjusted Purchase Price, and then only to the extent such Damages exceed an amount equal to one and three-quarters of one percent (1.75%) of the Unadjusted Purchase Price.

(d) Purchaser shall not have any liability for any indemnification under Section 11.3(a)(iii) (except for breaches or inaccuracies of any of the Purchaser Fundamental Representations, for which the following limitations shall not apply), for an individual matter until and unless the amount of the liability for Damages with respect to which Purchaser has an obligation to indemnify the Seller Group pursuant to the terms of Section 11.3(a)(iii) (except for breaches or inaccuracies of any of the Purchaser Fundamental Representations) exceeds the Individual Indemnity Threshold.

(e) Notwithstanding anything to the contrary contained elsewhere in this Agreement, Seller shall not be required to indemnify Purchaser (i) under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties in Section 4.3), for aggregate Damages in excess of fifteen percent (15%) of the Unadjusted Purchase Price, and (ii) under this Article 11 for aggregate Damages in excess of one hundred percent (100%) of the Unadjusted Purchase Price; provided, however, that the limitations set forth in this Section 11.6(e) shall not apply to any Damages (or any related indemnity obligations) to the extent arising out of or based upon Fraud.

(f) The amount of any Damages for which an Indemnified Person is entitled to indemnity under this Article 11 shall be reduced by the amount of insurance proceeds realized by the Indemnified Person or its Affiliates with respect to such Damages (net of any collection costs, and excluding the proceeds of any insurance policy issued or underwritten by the Indemnified Person or its Affiliates); provided, however, that no Party shall be required to seek recovery under any policy of insurance as a condition to indemnification hereunder.

(g) Seller shall be subrogated to the rights of any Indemnified Person that is a member of the Purchaser Group against any insurer, indemnitor, guarantor or other Person with respect to the subject matter of any Damages subject to indemnification by Seller pursuant to Section 11.3(b) to the extent that Seller pays any such Indemnified Person with respect to such Damages. Any member of the Purchaser Group who is indemnified pursuant to Section 11.3(b) shall assign or otherwise cooperate with Seller in the pursuit of any claims against, and any efforts to recover amounts from, such other Person for any such Damages for which any member of the Purchaser Group has been paid. Any such Purchaser Group Indemnified Person shall remit to Seller, within five (5) Business Days after receipt, any insurance proceeds or other payment that is received by any member of the Purchaser Group from a third Person and which relates to Damages for which (but only to the extent) such member of the Purchaser Group has been previously compensated hereunder (minus the reasonable out-of-pocket costs incurred in obtaining such recovery).

(h) Seller shall not have any obligation or liability under this Agreement or in connection with or with respect to the transactions contemplated by this Agreement for any breach, misrepresentation, or noncompliance with respect to any representation, warranty, covenant, indemnity, or obligation if such breach, misrepresentation, or noncompliance shall have been affirmatively and expressly waived in writing by Purchaser.

(i) As used in this Agreement, the term "Damages" means the amount of any actual liability, loss, cost, expense, Tax, claim, award, or judgment incurred or suffered by any Person, whether attributable to personal injury or death, property damage, contract claims, torts, or otherwise, including reasonable fees and expenses of attorneys, consultants, accountants, or other agents and experts reasonably incident to the matters in question, and the costs of investigation and/or monitoring of such matters, and the costs of enforcement of the indemnity provided hereunder. Notwithstanding the foregoing, neither Purchaser nor Seller shall be entitled to indemnification under Section 6.5, Section 9.4 or this Article 11 for, and "Damages" shall not include, (i) loss of profits, to the extent consequential, or other consequential damages suffered by the Party claiming indemnification, or any special or punitive damages (other than loss of profits, consequential damages, or punitive damages suffered by third Persons for which responsibility is allocated among the Parties or to the extent such damages constitute direct damages under Texas law), and (ii) any increase in liability, loss, cost, expense, claim, award or judgment to the extent such increase is caused by the actions or omissions of any Indemnified Person after the Closing Date.

(j) Notwithstanding anything herein to the contrary, for purposes of determining the indemnity obligations set forth in this Article 11, (i) when determining whether a breach or inaccuracy of Seller's representations or warranties contained in this Agreement has occurred and (ii) when calculating the amount of Damages incurred, arising out of or relating to any such breach or inaccuracy of any such representation or warranty by Seller, in each case, all references to materiality and Seller Material Adverse Effect contained in such representation or warranty shall be disregarded.

ARTICLE 12
MISCELLANEOUS

12.1 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

12.2 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via facsimile transmission or transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving Party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

If to Seller:

Sabalo Energy, LLC
800 North Shoreline Blvd., Suite 900 North
Corpus Christi, Texas 78401
Attention: Barry Clark
Email: bclark@sabaloenergy.com

With a copy to (which shall not constitute notice):

Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002
Attention: Molly Butkus and Charles Still
Email: molly.butkus@bracewell.com; charles.still@bracewell.com

If to Purchaser:

Laredo Petroleum, Inc.
15 W. 6th Street, Suite 900
Tulsa, Oklahoma 74119
Attention: Mark Denny
Email: mdenny@laredopetro.com

With a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
600 Travis Street, Suite 2100
Houston, Texas 77002
Attention: Michael Piazza; David Aaronson
Email: mpiazza@willkie.com; daaronson@willkie.com

Either Party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed.

12.3 **Expenses**. Except as provided in Sections 3.10(c), 6.6, 8.4(c), 10.2 and in Section 11.4, all expenses incurred by Seller in connection with or related to the authorization, preparation or execution of this Agreement, and the exhibits and schedules hereto and thereto, and all other matters related to the Closing and the transactions related thereto, including all fees and expenses of counsel, accountants, and financial advisers employed by Seller, shall be borne solely and entirely by Seller, and all such expenses incurred by Purchaser shall be borne solely and entirely by Purchaser.

12.4 **Replacement of Credit Support**. The Parties understand that none of the Credit Support, if any, posted by Seller or any Affiliate thereof with or for the benefit of any Governmental Authority or third Person and relating to the Assets will be transferred to Purchaser. On or before Closing, Purchaser shall obtain, or cause to be obtained in the name of Purchaser, replacements for such Credit Support as is necessary for Purchaser to own and, if applicable, operate the Assets, and shall cooperate in good faith with Seller to assist Seller in causing, effective as of the Closing, the cancellation or return to Seller of the Credit Support posted by Seller or its Affiliates; provided, however, that if, as of the Closing Date, Purchaser is unable to (a) obtain replacements of any such Credit Support and/or (b) the cancellation of or return to Seller of any such Credit Support, then, Purchaser shall indemnify and reimburse Seller for any costs, expenses or other Damages paid or incurred by Seller under or pursuant to such Credit Support resulting from the ownership or operation of the any of the applicable Assets from and after the Closing Date until such time as Purchaser is able to obtain such replacements of such Credit Support and/or the cancellation of or return to Seller of any such Credit Support, as applicable, following the Closing Date.

12.5 Records.

(a) As soon as practicable, but in no event later than thirty (30) days after the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the original Records (or digital copies of Records to the extent Seller does not have originals of such Records) that are in the possession of Seller or its Affiliates, subject to Section 12.5(b). Notwithstanding anything to the contrary herein, Seller shall cooperate in good faith with Purchaser (at no additional cost or expense to Seller) to cause the Records to be delivered to Purchaser in the format or formats that are reasonably requested by Purchaser.

(b) Seller may retain a copy of all data room materials for the transactions contemplated by this Agreement along with the originals of those Records (i) relating to Tax and accounting matters, (ii) relating to Properties in which Seller retains any interest, or (iii) which are subject to a legal hold by Seller (until such hold is released) and provide Purchaser, at its request, with copies of such Records other than Records that pertain solely to Income Tax matters related to the Assets. Seller may retain copies of any other Records, including geological, geophysical, and similar data and studies.

(c) Purchaser, for a period of seven (7) years after the Closing shall: (i) retain the Records and (ii) provide Seller, and the members of the Seller Group with access to the Records during normal business hours for review and copying at Seller's sole expense.

12.6 Governing Law. This Agreement and the legal relations between the Parties shall be governed by and construed in accordance with the Laws of the State of Texas, without regard to principles of conflicts of Laws that would direct the application of the Laws of another jurisdiction.

12.7 Venue; Waiver of Jury Trial. Each Party consents to personal jurisdiction in any action brought in the United States federal courts located in the State of Texas with respect to any dispute, claim, or controversy arising out of, in relation to, or in connection with, this Agreement, and each of the Parties agrees that any action instituted by it against the other with respect to any such dispute, controversy, or claim (except to the extent a dispute, controversy, or claim arising out of, in relation to, or in connection with, title or environmental matters pursuant to Section 3.10 or the determination of Purchase Price adjustments pursuant to Section 8.4(b) is referred to an expert pursuant to those Sections) will be instituted exclusively in the United States District Court for the Southern District of Texas, Houston Division. Each Party (a) irrevocably submits to the exclusive jurisdiction of such courts, (b) waives any objection to laying venue in any such action or proceeding in such courts, (c) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over it, and (d) agrees that service of process upon it may be effected by mailing a copy thereof by registered mail (or any substantially similar form of mail), postage prepaid, to it at its address specified in Section 12.2. The foregoing consents to jurisdiction and service of process shall not constitute general consents to service of process in the State of Texas for any purpose except as provided herein and shall not be deemed to confer any rights on any Person other than the Parties to this Agreement. **THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT**.

12.8 Captions. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

12.9 **Waivers**. Any failure by any Party to comply with any of its obligations, agreements, or conditions herein contained may be waived by the Party to whom such compliance is owed by an instrument signed by the Party to whom compliance is owed and expressly identified as a waiver, but not in any other manner. No course of dealing on the part of Seller or Purchaser, or their respective Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives or any failure by Seller or Purchaser to exercise any of its rights under this Agreement shall operate as a waiver thereof or affect in any way the right of such Party at a later time to enforce the performance of such provision. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

12.10 **Assignment**. Other than as permitted by Section 9.4, no Party shall assign or otherwise transfer all or any part of this Agreement to any third Person, nor shall any Party delegate any of its rights or duties hereunder to any third Person, without the prior written consent of the other Party and any transfer or delegation made without such consent shall be void *ab initio*; provided that Purchaser may, without consent of Seller but with prior written notice to Seller and subject to the immediately succeeding sentence, assign to one or more of its wholly-owned subsidiaries its rights hereunder to receive assignment and transfer of the Assets, but Purchaser shall remain liable for its obligations hereunder. Any assignment of this Agreement permitted by this Section 12.10 shall be made subject to the obligations contained in this Agreement and such assignment shall not relieve the assigning Party of any obligations and responsibilities hereunder. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

12.11 **Entire Agreement**. This Agreement, the Confidentiality Agreement and the documents to be executed hereunder and the exhibits and schedules attached hereto and thereto constitute the entire agreement among the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. In entering into this Agreement, neither Party has relied on any statement, representation, warranty, covenant, nor agreement of the other Party or its Representatives other than those expressly contained in this Agreement. For the avoidance of doubt, this Agreement constitutes a "definitive written agreement" as contemplated by the Confidentiality Agreement and, as such, upon Closing the Confidentiality Agreement shall automatically terminate, effective as of the Closing Date, or if Closing does not occur, the Confidentiality Agreement shall survive in accordance with its terms.

12.12 **Amendment**. This Agreement may be amended or modified only by an agreement in writing signed by Seller and Purchaser and expressly identified as an amendment or modification.

12.13 **No Third-Person Beneficiaries**. Nothing in this Agreement shall entitle any Person other than Purchaser and Seller to any claim, cause of action, remedy or right of any kind, except the rights expressly provided to the Persons described in Sections 6.5, Section 9.4, Section 12.19 and Article 11. Accordingly, references to the indemnification rights of Purchaser or Seller under this Agreement shall be deemed to include the indemnification rights of the Purchaser Group or the Seller Group, as applicable.

12.14 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

12.15 Time of the Essence. Time is of the essence in this Agreement. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (and the expiration of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day.

12.16 References. In this Agreement, unless the context requires otherwise: (a) references to any gender includes a reference to all other genders; (b) references to the singular includes the plural, and vice versa; (c) reference to any Article or Section means an Article or Section of this Agreement; (d) reference to any exhibit or schedule means an exhibit or schedule to this Agreement, all of which are incorporated into, and made a part of, this Agreement for all purposes; (e) unless expressly provided to the contrary, "hereunder", "hereof", "herein", and words of similar import are references to this Agreement as a whole and not any particular Section or other provision of this Agreement; (f) references to "$" or "Dollars" means United States Dollars; (g) "include" and "including" mean include or including without limiting the generality of the description preceding such term and (h) as used in this Agreement and without limitation of Section 12.21, the term "Seller" shall be deemed and construed to refer to the various individual Persons that collectively constitute Seller. If the date of performance falls on a day that is not a Business Day, then the actual date of performance will be the next succeeding day that is a Business Day.

12.17 Construction. Purchaser is capable of making such investigation, inspection, review and evaluation of the Assets as a prudent purchaser would deem appropriate under the circumstances, including with respect to all matters relating to the Assets, their value, operation, and suitability. Seller and Purchaser have had the opportunity to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby. This Agreement is the result of arm's-length negotiations from equal bargaining positions. It is expressly agreed that this Agreement shall not be construed against any Party, and no consideration shall be given or presumption made, on the basis of who drafted this Agreement or any particular provision hereof.

12.18 Limitation on Damages. Notwithstanding anything to the contrary contained herein but without limitation of Section 10.2, neither Purchaser nor Seller, nor any of their respective Affiliates shall be entitled to consequential, special, or punitive damages in connection with this Agreement and the transactions contemplated hereby (other than consequential, special, or punitive damages suffered by third Persons for which responsibility is allocated between the Parties) and Purchaser and Seller, for themselves and on behalf of their respective Affiliates, hereby expressly waive any right to consequential, special, or punitive damages in connection with this Agreement and the transactions contemplated hereby (other than consequential, special, or punitive damages suffered by third Persons for which responsibility is allocated between the Parties). Notwithstanding anything herein to the contrary in this Section 12.18 or any other provision of this Agreement to the contrary, nothing in this Section 12.18 shall be construed as limiting any Person's ability to recover any direct damages (including lost profits that are direct damages) as provided under Texas Law.

12.19 Non-Recourse Parties. Subject to the remainder of this Section 12.19, all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in Law or in equity, or granted by statute) that may be based upon, are in respect of, arise under, arise out or by reason of, are connected with, or relate in any manner to this Agreement, the negotiation, execution, or the performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement) or the transaction contemplated hereby and thereby, may be made only against (and are expressly limited to) the entities that are expressly identified as "Parties" in the preamble to this Agreement or any successor or permitted assign of any such Parties ("Contracting Parties"). No Person who is not a Contracting Party, including without limitation any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, or Representative of, and any financial advisor, lender, investor or equity provider (whether actual or prospective) of, any Contracting Party, or any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, or Representative of, and any financial advisor, lender, investor or equity provider (whether actual or prospective) of, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in Law or in equity, or granted by statute) to any Contracting Party with which it is not engaged or does not have a contractual relationship with (outside of this Agreement) or any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement, the performance of this Agreement, or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by Law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates. Without limiting the foregoing, to the maximum extent permitted by Law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at Law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of the other Contracting Party on any of its Nonparty Affiliates, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any of the other Contracting Party's Nonparty Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Notwithstanding anything in this Section 12.19 to the contrary, this Section 12.19 does not provide (and shall in no event be interpreted to provide) for any waiver, release or relinquishment by any Contracting Party of any claims, obligations, liabilities, or causes of action (whether in contract or in tort, in Law or in equity, or granted by statute) of any sort which such Contracting Party may have against any of Nonparty Affiliates (being those that such Contracting Party has engaged or has a contractual relationship with outside of this Agreement).

12.20 **Reliance.** Notwithstanding anything to the contrary in this Agreement, each Party has relied upon and will be deemed to have relied upon for all purposes of this Agreement all of the other Party's express indemnification obligations set forth in this Agreement or any other documents contemplated as a part of this transaction and all of the other Party's express representations, warranties, covenants and agreements set forth in this Agreement and in each other document contemplated as a part of this transaction (including, for purposes of clarity, the special warranty of Defensible Title set forth in the Assignment and Bill of Sale).

12.21 **Joint and Several Liability; Allocation of Payments and Consideration**. Notwithstanding anything to the contrary contained herein, each of Sabalo Energy and Sabalo Operating respectively agrees and acknowledges that (a) each of Sabalo Energy and Sabalo Operating shall be jointly and severally liable for all obligations, liabilities, covenants and agreements of Seller under this Agreement and (b) Sabalo Energy and Sabalo Operating will be solely responsible for the allocation of any payments or issuances (including in respect of the Cash Purchase Price and Stock Purchase Price) made to Seller hereunder between each of Sabalo Energy and Sabalo Operating, and neither Purchaser nor any of its Affiliates will have any liability with respect to any such allocation. In furtherance of the foregoing and notwithstanding anything to the contrary contained in this Agreement, each of Sabalo Energy and Sabalo Operating hereby irrevocably direct and instruct Purchaser to make all such payments and issuances (including in respect of the Cash Purchase Price and Stock Purchase Price) to Sabalo Energy alone (and not to Sabalo Operating) and relevant provisions of this Agreement shall be construed accordingly. Accordingly, Sabalo Operating need not be a party to any escrow agreement contemplated hereby and will not under any circumstances become a holder of any Purchaser Common Stock that is or may be issued to Sabalo Energy pursuant to this Agreement.

12.22 **Seller Representative**. For purposes of this Agreement, each of Sabalo Energy and Sabalo Operating, without any further action, shall be deemed to have consented to the appointment of Sabalo Energy as its representative (in such capacity, the "Seller Representative"), as the attorney-in-fact for and on behalf of such Seller, with respect to the exercise of any decision, right, consent, election or other action that any such Seller is required or permitted to make or take under the terms of this Agreement (the "Delegated Matters") and Purchaser may rely on any decision, action and/or failure or refusal to take an action of the Seller Representative with respect to all Delegated Matters. Notwithstanding anything in this Agreement to the contrary and without limitation of the foregoing, Seller will be treated and deemed to be a single Party for purposes of any notice, election, exercise or waiver of a right or remedy, consent or other similar action to be made or taken by Seller under this agreement.

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IN WITNESS WHEREOF, this Agreement has been signed by each of the Parties as of the Execution Date.

SELLER:

SABALO ENERGY, LLC

By: /s/ Barry Clark
Name: Barry Clark
Title: President

SABALO OPERATING, LLC

By: /s/ Barry Clark
Name: Barry Clark
Title: President

PURCHASER:

LAREDO PETROLEUM, INC.

By: /s/ Jason Pigott
Name: Jason Pigott
Title: President and Chief Executive Officer

EXHIBIT C

FORM OF REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of [●], 2021 (the "Closing Date"), is entered into by and among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Sabalo Energy, LLC, a Texas limited liability company (the "Sabalo Investor"), Shad Permian, LLC, a Delaware limited liability company (the "Shad Investor" and together with the Sabalo Investor, the "Investors"), and the other Holders (as defined below) from time to time parties hereto.

RECITALS

WHEREAS, this Agreement is being entered into pursuant to, and in connection with the closing of the transactions contemplated by, that certain (i) Purchase and Sale Agreement, dated as of May 7th, 2021, by and between the Company, as purchaser, and the Sabalo Investor, as seller (as amended, supplemented or otherwise modified from time to time, the "Sabalo Purchase Agreement"), and (ii) Purchase and Sale Agreement, dated as of May [●], 2021, by and between the Company, as purchaser, and the Shad Investor, as seller (as amended, supplemented or otherwise modified from time to time, the "Shad Purchase Agreement");

WHEREAS, on the Closing Date, in connection with the closing of the transactions contemplated by the Sabalo Purchase Agreement, the Company has issued to the Sabalo Investor [●] shares (the "Sabalo Issued Shares") of Common Stock (as defined herein) in accordance with the terms of the Sabalo Purchase Agreement;

WHEREAS, on the Closing Date, in connection with the closing of the transactions contemplated by the Shad Purchase Agreement, the Company has issued to the Shad Investor [●] shares (collectively with the Sabalo Issued Shares, the "Issued Shares") of Common Stock in accordance with the terms of the Shad Purchase Agreement;

WHEREAS, resales by the Holders of the Issued Shares may be required to be registered under the Securities Act (as defined herein) and applicable state securities laws, depending on the status of the Holders or the intended method of distribution of the Issued Shares; and

WHEREAS, the Company and the Holders have agreed to enter into this Agreement pursuant to which the Company hereby grants the Holders certain registration rights under the Securities Act and other rights with respect to the Registrable Securities (as defined herein) in furtherance of the foregoing.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS AND REFERENCES

Section 1.1 As used herein, the following terms shall have the following respective meanings:

"Adoption Agreement" means an Adoption Agreement substantially in the form attached hereto as Exhibit A.

"Affiliate" means (a) as to any Person, other than an individual Holder, any other Person who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person and (b) as to any individual, (i) any Relative of such individual, (ii) any trust whose primary beneficiaries are one or more of such individual and such individual's Relatives, (iii) the legal representative or guardian of such individual or any of such individual's Relatives if one has been appointed and (iv) any Person controlled by any one or more of such individual and the Persons referred to in clauses (i), (ii) or (iii) above. As used in this Agreement, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such Person (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise).

"Agreement" has the meaning set forth in the introductory paragraph.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday, Sunday, any federal holiday or any other day on which banking institutions in the State of Texas or the State of New York are authorized or required to be closed by law or governmental action.

"Commission" means the Securities and Exchange Commission or any successor governmental agency.

"Common Stock" means the common stock of the Company, par value $0.01 per share.

"Company" has the meaning set forth in the introductory paragraph.

"Company Securities" means, with respect to any Shelf Underwritten Offering or Piggyback Underwritten Offering, the shares of Common Stock that the Company proposes to include in such Underwritten Offering for its own account.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Holder" means any record holder of Registrable Securities.

"Holder Securities" means (a) with respect to any Shelf Underwritten Offering, the Registrable Securities requested to be included in such Shelf Underwritten Offering by the Requesting Holders and the Shelf Piggybacking Holders and (b) with respect to any Piggyback Underwritten Offering, the Registrable Securities requested to be included in such Piggyback Underwritten Offering by the Piggybacking Holders.

"Indemnified Party" has the meaning set forth in Section 3.3.

"Indemnifying Party" has the meaning set forth in Section 3.3.

"Issued Shares" has the meaning set forth in the recitals.

"Losses" has the meaning set forth in Section 3.1.

"Majority Holders" means, at any time, the Holder or Holders of more than fifty percent (50%) of the Registrable Securities at such time.

"Managing Underwriter" means, with respect to any Underwritten Offering, the lead book-running manager(s) of such Underwritten Offering.

"Opt-Out Holder" means a Holder that has delivered to the Company an Opt-Out Notice, and has not revoked such Opt-Out Notice, pursuant to Section 2.10.

"Opt-Out Notice" has the meaning set forth in Section 2.10.

"Permitted Transferee" means (a) with respect to each Investor or any other Person described in this clause (a) that becomes a Holder, (i) any of the direct or indirect partners, stockholders or members of such Investor and, solely in the case of the Sabalo Investor, of Sabalo Energy, Inc., Sabalo Holdings, LLC or Raven Oil & Gas, LLC or (ii) any trust, family partnership or family limited liability company, the sole beneficiaries, partners or members of which are a Person described in the foregoing clause (i) or Relatives of such a Person, and (b) with respect to any Holder, any Affiliate of such Holder.

"Person" means any individual, corporation, partnership, limited liability company, firm, association, trust, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

"Piggyback Underwritten Offering" has the meaning set forth in Section 2.4(a).

"Piggybacking Holder" has the meaning set forth in Section 2.4(a).

"Proceeding" means an action, claim, suit, arbitration, or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registrable Securities" means (a) the Issued Shares and (b) any securities issued or issuable with respect to the Issued Shares by way of distribution or in connection with any reorganization or other recapitalization, merger, consolidation or otherwise; *provided*, *however*, that a Registrable Security shall cease to be a Registrable Security when (i) such Registrable Security has been disposed of pursuant to an effective Registration Statement, (ii) such Registrable Security has been disposed of under Rule 144 or any other exemption from the registration requirements of the Securities Act as a result of which the Transferee thereof does not receive "restricted securities" as defined in Rule 144, or (iii) (1) such Registrable Security and all other Registrable Securities held by the Holder of such Registrable Security are freely tradeable by such Holder without volume or other limitations or requirements under Rule 144 and (2) such Holder and its Affiliates collectively hold less than five percent (5%) of the outstanding shares of Common Stock.

"Registration Expenses" means all expenses incurred by the Company in complying with Article II, including, without limitation, all registration and filing fees, printing expenses, road show expenses, fees and disbursements of counsel and independent public accountants and independent reserve engineers for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, and the reasonable fees and disbursements of one special legal counsel to represent all Holders in an applicable Shelf Underwritten Offering or Piggyback Underwritten Offering not to exceed $25,000 per Shelf Underwritten Offering or Piggyback Underwritten Offering, but excluding any Selling Expenses.

"Registration Statement" means any registration statement of the Company filed or to be filed with the Commission under the Securities Act, including the related prospectus, amendments, and supplements to such registration statement, and including pre- and post-effective amendments and all exhibits and all material incorporated by reference in such registration statement.

"Relative" means, with respect to any individual: (a) such individual's spouse, (b) any lineal descendant, parent, grandparent, great grandparent or sibling of such individual or any lineal descendant of any such sibling (in each case whether by blood or legal adoption), and (c) the spouse of an individual person described in clause (b) of this definition.

"Requesting Holders" has the meaning set forth in Section 2.2(a).

"Required Shelf Filing Date" means the fifth (5^{th}) Business Day after the Closing Date.

"Sabalo Holder" means each of (a) the Sabalo Investor and (b) each Person to which the registration and other rights granted to the Sabalo Investor under this Agreement are transferred or assigned pursuant to Article V, including successive transferees or assignees of such rights pursuant to Article V, in each case, for so long as such Person is a Holder.

"Sabalo Investor" has the meaning set forth in the recitals.

"Sabalo Issued Shares" has the meaning set forth in the recitals.

"Sabalo Purchase Agreement" has the meaning set forth in the recitals.

"Section 2.2 Maximum Number of Shares" has the meaning set forth in Section 2.2(c).

"Section 2.4 Maximum Number of Shares" has the meaning set forth in Section 2.4(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder.

"Selling Expenses" means all (a) underwriting fees, discounts and selling commissions allocable to the sale of Registrable Securities, (b) transfer taxes allocable to the sale of the Registrable Securities and (c) costs or expenses related to any roadshows conducted in connection with the marketing of any Shelf Underwritten Offering.

"Selling Holder" means a Holder selling Registrable Securities pursuant to a Registration Statement.

"Shad Investor" has the meaning set forth in the recitals.

"Shad Purchase Agreement" has the meaning set forth in the recitals.

"Shelf Piggybacking Holder" has the meaning set forth in Section 2.2(b).

"Shelf Registration Statement" has the meaning set forth in Section 2.1(a).

"Shelf Underwritten Offering" has the meaning set forth in Section 2.2(a).

"Shelf Underwritten Offering Request" has the meaning set forth in Section 2.2(a).

"Suspension Period" has the meaning set forth in Section 2.3.

"Transfer" means any offer, sale, pledge, encumbrance, hypothecation, entry into any contract to sell, grant of an option to purchase, short sale, assignment, transfer, exchange, gift, bequest or other disposition, direct or indirect, in whole or in part, by operation of law or otherwise. "Transfer," when used as a verb, and "Transferee" and "Transferor" have correlative meanings.

"Underwritten Offering" means an offering (including an offering pursuant to a Shelf Registration Statement) in which shares of Common Stock are sold to an underwriter for reoffer.

"Underwritten Offering Filing" means (a) with respect to a Shelf Underwritten Offering, a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to the Shelf Registration Statement relating to such Shelf Underwritten Offering, and (b) with respect to a Piggyback Underwritten Offering, (i) a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to an effective shelf Registration Statement (other than the Shelf Registration Statement) or (ii) a Registration Statement, in each case relating to such Piggyback Underwritten Offering.

"WKSI" means a "well-known seasoned issuer" as such term is defined in Rule 405.

Section 1.2 **References**. In this Agreement, unless otherwise expressly indicated, (a) each reference to an Article or Section is to the applicable Article or Section of this Agreement; (b) the terms "herein", "hereunder", "hereof" or terms of similar import refer to this Agreement as a whole and not to any particular Article, Section or other part of this Agreement; (c) references to any Rule are to the applicable rule promulgated under the Securities Act; and (d) references to any statute, rule or regulation (or to any particular section or other part of any of the foregoing) include (i) such statute, rule or regulation (or part thereof) as amended and in effect from time to time and (ii) any successor statute, rule or regulation (or part thereof) to such statute, rule or regulation (or part thereof).

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 **Shelf Registration**.

(a) As soon as practicable after the Closing Date, and in any event on or prior to the Required Shelf Filing Date, the Company shall prepare and file a "shelf" registration statement under the Securities Act to permit the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 (such Registration Statement and any other Registration Statement contemplated by Section 2.1(b) or Section 2.1(c), the "Shelf Registration Statement"). The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to become or be declared effective as soon as practicable after the filing thereof; *provided, however*, that, if the Company is a WKSI at time of filing of the Shelf Registration Statement, the Shelf Registration Statement shall be an automatic shelf registration statement that becomes effective upon filing with the Commission pursuant to Rule 462(e). The Company shall notify the Holders of the effectiveness of the Shelf Registration Statement no later than one (1) Business Day after the Shelf Registration Statement becomes or is declared effective.

(b) The Shelf Registration Statement shall be on Form S-3 or, if Form S-3 is not then available to the Company, on Form S-1 or such other form of registration statement as is then available to effect a registration for resale of the Registrable Securities pursuant to Rule 415; *provided, however*, that if the Company has filed the Shelf Registration Statement on Form S-1 and subsequently becomes eligible to use Form S-3 or any equivalent or successor form, the Company shall (i) file a post-effective amendment to the Shelf Registration Statement converting such Registration Statement on Form S-1 to a Registration Statement on Form S-3 or any equivalent or successor form or (ii) file a new Shelf Registration Statement on Form S-3 or any equivalent or successor form, upon the effectiveness of which the Company may withdraw the Shelf Registration Statement on Form S-1. The Shelf Registration Statement shall contain a prospectus in such form as to permit any Holder to sell such Registrable Securities pursuant to Rule 415 at any time beginning on the effective date for such Registration Statement. The Shelf Registration Statement shall provide for the distribution or resale pursuant to any method or combination of methods legally available to the Holders.

(c) The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to remain effective, and to be supplemented and amended as promptly as practicable to the extent necessary to ensure that the Shelf Registration Statement is available or, if not available, that another Registration Statement is available, for the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 until all of the Registrable Securities have ceased to be Registrable Securities or the earlier termination of this Agreement as to all Holders pursuant to Section 6.1.

(d) When effective, the Shelf Registration Statement (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained in the Shelf Registration Statement, in the light of the circumstances under which such statements are made).

Section 2.2 Underwritten Shelf Offering Requests.

(a) In the event that any Sabalo Holder or group of Sabalo Holders elects to dispose of Registrable Securities under a Registration Statement pursuant to an Underwritten Offering and reasonably expects gross proceeds of at least $25 million from such Underwritten Offering (including proceeds attributable to any Registrable Securities included in such Underwritten Offering by any Shelf Piggybacking Holders), the Company shall, at the request (a "Shelf Underwritten Offering Request") of such Holder or Holders (in such capacity, the "Requesting Holders"), enter into an underwriting agreement in a form as is customary in Underwritten Offerings of securities by the Company with the underwriter or underwriters selected by the Company (provided that each such underwriter shall be a nationally recognized investment banking firm reasonably acceptable to the Requesting Holders holding a majority of the shares of Common Stock requested to be included in such Underwritten Offering by the Requesting Holders) and shall take all such other reasonable actions as are requested by the Managing Underwriter of such Underwritten Offering and/or the Requesting Holders in order to expedite or facilitate the disposition of such Registrable Securities and, subject to Section 2.2(c), the Registrable Securities requested to be included by any Shelf Piggybacking Holder (a "Shelf Underwritten Offering"); *provided, however*, that the Company shall have no obligation to facilitate or participate in more than two (2) Shelf Underwritten Offerings during any 12-month period (and no more than one Shelf Underwritten Offering in any 90-day period).

(b) If the Company receives a Shelf Underwritten Offering Request, it will give written notice of such proposed Shelf Underwritten Offering to each Holder (other than the Requesting Holders and any Opt-Out Holder), which notice shall include the anticipated filing date of the related Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Shelf Underwritten Offering, and of such Holders' rights under this Section 2.2(b). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering); *provided*, that if the Shelf Underwritten Offering is a bought or overnight Underwritten Offering and the Managing Underwriter advises the Company and the Requesting Holder that the giving of notice pursuant to this Section 2.2(b) would adversely affect the offering, no such notice shall be required (and such Holders (other than the Requesting Holders) shall have no right to include Registrable Securities in such bought or overnight Underwritten Offering). If such notice is delivered pursuant to this Section 2.2(b), each such Holder shall then have two (2) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.2(b) to request inclusion of Registrable Securities in the Shelf Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Shelf Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Shelf Underwritten Offering.

(c) If the Managing Underwriter of the Shelf Underwritten Offering shall inform the Requesting Holders of its belief that the number of Registrable Securities requested to be included in such Shelf Underwritten Offering by the Holders (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering) would materially and adversely affect such offering, then the Company shall include in the applicable Underwritten Offering Filing, to the extent of the total number of shares of Common Stock that the Requesting Holders are so advised can be sold in such Shelf Underwritten Offering without so materially adversely affecting such offering (the "Section 2.2 Maximum Number of Shares"), Registrable Securities in the following priority:

(i) first, the Holder Securities, *pro rata* among the Holders based on the number of Registrable Securities each requested to be included, and

(ii) second, to the extent that the number of Holder Securities is less than the Section 2.2 Maximum Number of Shares, the shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Shelf Underwritten Offering).

(d) The Requesting Holders shall determine the pricing of the Registrable Securities offered pursuant to any Shelf Underwritten Offering and the applicable underwriting discounts and commissions and determine the timing of any such Shelf Underwritten Offering, subject to Section 2.3.

(e) Each Holder shall have the right to withdraw its Registrable Securities from the Shelf Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

Section 2.3 Delay and Suspension Rights. Notwithstanding any other provision of this Agreement, the Company may (a) delay effecting a Shelf Underwritten Offering or (b) suspend the Holders' use of any prospectus that is a part of a Shelf Registration Statement upon written notice to each Holder whose Registrable Securities are included in such Shelf Registration Statement (provided that in no event shall such notice contain any material non-public information regarding the Company) (in which event such Holder shall discontinue sales of Registrable Securities pursuant to such Registration Statement but may settle any then-contracted sales of Registrable Securities), in each case for a period of up to sixty (60) consecutive days, if the Board determines (i) that such delay or suspension is in the best interest of the Company and its stockholders generally due to a pending financing or other transaction involving the Company, (ii) that such registration or offering would render the Company unable to comply with applicable securities laws or (iii) that such registration or offering would require disclosure of material information that the Company has a *bona fide* business purpose for preserving as confidential (any such period, a "Suspension Period"); *provided*, *however*, that in no event shall any Suspension Periods collectively exceed an aggregate of ninety (90) days in any 180-day period or exceed an aggregate of one hundred twenty (120) days in any 12-month period; *provided*, *further*, that (1) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in the 180-day period and 12-month period immediately following the Closing Date shall be reduced by the number of days after the Required Shelf Filing Date that the Shelf Registration Statement is declared or otherwise becomes effective, and (2) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in any 180-day period or 12-month period shall be reduced by the number of days in such period during which the Holders were obligated to discontinue their disposition of Registrable Securities pursuant to Section 2.6(b).

Section 2.4 Piggyback Registration Rights.

(a) Subject to Section 2.4(c), if the Company at any time proposes to file an Underwritten Offering Filing for an Underwritten Offering of shares of Common Stock for its own account or for the account of any other Persons who have or have been granted registration rights, other than the Holders (a "Piggyback Underwritten Offering"), it will give written notice of such Piggyback Underwritten Offering to each Holder (other than any Opt-Out Holder), which notice shall include the anticipated filing date of the Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Piggyback Underwritten Offering, and of such Holders' rights under this Section 2.4(a). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering). If such notice is delivered to pursuant to this Section 2.4(a), each such Holder shall then have four (4) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.4(a) to request inclusion of Registrable Securities in the Piggyback Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Piggyback Underwritten Offering. Subject to Section 2.4(c), the Company shall use its commercially reasonable efforts to include in the Piggyback Underwritten Offering all Registrable Securities that the Company has been so requested to include by the Piggybacking Holders; *provided*, *however*, that if, at any time after giving written notice of a proposed Piggyback Underwritten Offering pursuant to this Section 2.4(a) and prior to the execution of an underwriting agreement with respect thereto, the Company or such other Persons who have or have been granted registration rights, as applicable, shall determine for any reason not to proceed with or to delay such Piggyback Underwritten Offering, the Company shall give written notice of such determination to the Piggybacking Holders and (i) in the case of a determination not to proceed, shall be relieved of its obligation to include any Registrable Securities in such Piggyback Underwritten Offering (but not from any obligation of the Company to pay the Registration Expenses in connection therewith), and (ii) in the case of a determination to delay, shall be permitted to delay inclusion of any Registrable Securities for the same period as the delay in including the shares of Common Stock to be sold for the Company's account or for the account of such other Persons who have or have been granted registration rights, as applicable.

(b) Each Piggybacking Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Piggyback Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

(c) If the Managing Underwriter of the Piggyback Underwritten Offering shall inform the Company of its belief that the number of Registrable Securities requested to be included in such Piggyback Underwritten Offering, when added to the number of shares of Common Stock proposed to be offered by the Company or such other Persons who have or have been granted registration rights (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering), would materially and adversely affect such offering, then the Company shall include in such Piggyback Underwritten Offering, to the extent of the total number of securities which the Company is so advised can be sold in such offering without so materially adversely affecting such offering (the "Section 2.4 Maximum Number of Shares"), shares of Common Stock in the following priority:

(i) if the Piggyback Underwritten Offering is initiated for the account of the Company:

(1) first, the Company Securities,

(2) second, to the extent that the number of Company Securities is less than the Section 2.4 Maximum Number of Shares, the Holder Securities, *pro rata* among the Piggybacking Holders based on the number of shares of Common Stock each requested to be included, and

(3) third, to the extent that the number of Company Securities plus the number of Holder Securities is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering);

(ii) if the Piggyback Underwritten Offering is initiated on or before the third anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights:

(1) first, the Holder Securities, *pro rata* among the Piggybacking Holders based on the number of shares of Common Stock each requested to be included,

(2) second, to the extent that the number of Holder Securities is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that such other Persons propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(3) third, to the extent that the number of Holder Securities plus the number of shares of Common Stock that such other Persons propose to include is less than the Section 2.4 Maximum Number of Shares, any Company Securities; or

(iii) if the Piggyback Underwritten Offering is initiated after the third anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights:

(1) first, the shares of Common Stock that such other Persons propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering),

(2) second, to the extent that the number of shares of Common Stock proposed to be included by such other Persons is less than the Section 2.4 Maximum Number of Shares, the Holder Securities, *pro rata* among the Piggybacking Holders based on the number of shares of Common Stock each requested to be included, and

(3) third, to the extent that the number of shares of Common proposed to be included by such other Persons plus the number of Holder Securities is less than the Section 2.4 Maximum Number of Shares, any Company Securities.

Section 2.5 Participation in Underwritten Offerings.

(a) In connection with any Underwritten Offering contemplated by Section 2.2 or Section 2.4, the underwriting agreement into which each Selling Holder and the Company shall enter into shall contain such representations, covenants, indemnities (subject to Article III) and other rights and obligations as are customary in Underwritten Offerings of securities by the Company, and the Company shall be entitled to designate counsel for the underwriters. No Selling Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Selling Holder's authority to enter into such underwriting agreement and to sell, and its ownership of, the securities being registered on its behalf, its intended method of distribution and any other representation required by law.

(b) Any participation by the Piggybacking Holders in a Piggyback Underwritten Offering shall be in accordance with the plan of distribution of the Company or the other Persons who have registration rights, as applicable.

(c) In connection with any Piggyback Underwritten Offering in which any Piggybacking Holder includes Registrable Securities pursuant to Section 2.4, such Piggybacking Holder agrees (i) to supply any information reasonably requested by the Company in connection with the preparation of any Underwritten Offering Filing for such Piggyback Underwritten Offering and (ii) to execute and deliver any agreements and instruments being executed by all holders on substantially the same terms reasonably requested by the Company or the Managing Underwriter, as applicable, to effectuate such Piggyback Underwritten Offering, including, without limitation, underwriting agreements (subject to Section 2.5(a)), custody agreements, powers of attorney, questionnaires, and lock-ups or "hold back" agreements pursuant to which such Piggybacking Holder agrees with the Managing Underwriter not to sell or purchase any securities of the Company for the shorter of (i) the same period of time following the registered offering as is agreed to by the Company and the other participating holders (not to exceed the shortest number of days that any director of the Company, "executive officer" (as defined under Section 16 of the Exchange Act) of the Company or any stockholder of the Company (other than a Holder or director or employee of, or consultant to, the Company) who owns ten percent (10%) or more of the outstanding Shares contractually agrees with the underwriters of such Piggyback Underwritten Offering not to sell any securities of the Company following such Piggyback Underwritten Offering) and (ii) sixty (60) days from the date of the execution of the underwriting agreement with respect to such Piggyback Underwritten Offering.

Section 2.6 Registration Procedures.

(a) In connection with its obligations under this Article II, the Company will take all reasonably necessary action to facilitate and effect the transactions contemplated thereby, including, but not limited to, the following:

(i) promptly prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the Selling Holder or Selling Holder thereof set forth in such Registration Statement;

(ii) furnish to each Selling Holder, without charge, such number of conformed copies of such Registration Statement and of each such amendment and supplement thereto (in each case including without limitation all exhibits), such number of copies of the prospectus contained in such Registration Statement (including without limitation each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424, in conformity with the requirements of the Securities Act, and such other documents, as such Selling Holder may reasonably request;

(iii) if applicable, use its commercially reasonable efforts to register or qualify all Registrable Securities and other securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as each Selling Holder thereof shall reasonably request, to keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and to take any other action which may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition in such jurisdictions of the securities owned by such Selling Holder, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (iii) be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(iv) use its commercially reasonable efforts to provide to each Selling Holder and any underwriters a copy of any customary auditor "comfort" letters, legal opinions or reports of the independent reserve engineers of the Company relating to the oil and gas reserves of the Company;

(v) promptly notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any such Selling Holder promptly prepare and file or furnish to such Selling Holder a reasonable number of copies of a supplement or post-effective amendment to the Registration Statement or a supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vi) otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act, and furnish to each such Selling Holder at least the Business Day prior to the filing thereof a copy of any amendment or supplement to such Registration Statement or prospectus;

(vii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement;

(viii) in connection with the preparation and filing of any Registration Statement or any sale of Registrable Securities in connection therewith, give the Holders offering and selling thereunder, any underwriters and their respective counsels the opportunity to review and provide comments on such Registration Statement, each Prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto (other than amendments or supplements that do not make any material change in the information related to the Company) (provided that the Company shall not file any such Registration Statement including Registrable Securities or an amendment thereto or any related prospectus or any supplement thereto to which such Holders or any underwriter shall reasonably object in writing), and give each of them, together with any underwriter, broker, dealer or sales agent involved therewith, such access to its books and records and such opportunities to discuss the business of the Company and its subsidiaries with its officers, its counsel, the independent public accountants who have certified its financial statements, and the independent reserve engineers of the Company as shall be necessary, in the opinion of the Holder's and such underwriters' (or broker's, dealer's or sales agent's, as the case may be) respective counsel, to conduct a reasonable due diligence investigation within the meaning of the Securities Act;

(ix) use its commercially reasonable efforts to prevent the issuance of any order suspending the effectiveness of the Registration Statement, and, if any such order suspending the effectiveness of such Registration Statement is issued, shall promptly use its commercially reasonable efforts to obtain the withdrawal of such order at the earliest possible moment;

(x) promptly notify the Holders (i) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation or threat of any proceedings for that purpose, (ii) of any delisting or pending delisting of the Common Stock by any national securities exchange or market on which the Common Stock are then listed or quoted, and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose;

(xi) cause all Registrable Securities covered by such Registration Statement to be listed on any securities exchange on which the Common Stock is then listed;

(xii) enter into such customary agreements, including but not limited to lock-up agreements by the Company (and, if reasonably requested by the Managing Underwriter(s), the Company's directors and "executive officers" (as defined under Section 16 of the Exchange Act)) that extend through sixty (60) days following the entrance into the corresponding underwriting agreement, and to take such other actions as the Holder or Holders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities; and

(xiii) cause its officers to use their commercially reasonable efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, participation in electronic or telephonic "road shows").

(b) Each Holder agrees by acquisition of Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.6(a)(v), such Holder will forthwith discontinue such Holder's disposition of Registrable Securities pursuant to the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.6(a)(v) as filed with the Commission or until it is advised in writing by the Company that the use of such Registration Statement may be resumed, and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. The Company may provide appropriate stop orders to enforce the provisions of this Section 2.6(b).

Section 2.7 Cooperation by Holders. The Company shall have no obligation to include Registrable Securities of a Holder in any Registration Statement or Underwritten Offering if such Holder has failed to timely furnish such information as the Company may, from time to time, reasonably request in writing regarding such Holder and the distribution of such Registrable Securities that the Company determines, after consultation with its counsel, is reasonably required in order for any registration statement or prospectus supplement, as applicable, to comply with the Securities Act.

Section 2.8 **Expenses**. The Company shall be responsible for all Registration Expenses incident to its performance of or compliance with its obligations under this Article II. Each Selling Holder shall pay its pro rata share of all Selling Expenses in connection with any sale of its Registrable Securities hereunder.

Section 2.9 **No Inconsistent Agreements; Additional Rights**. The Company is not currently a party to and shall not hereafter enter into any agreement with respect to its securities that is inconsistent with or that in any way violates or subordinates rights granted to the Holders by this Agreement without the prior written consent of the Majority Holders.

Section 2.10 **Opt-Out Notices**. Any Holder may deliver notice (an "Opt-Out Notice") to the Company requesting that such Holder not receive notice from the Company of any proposed Shelf Underwritten Offering or Piggyback Underwritten Offering; *provided, however*, that such Holder may later revoke any such Opt-Out Notice by giving notice to the Company of such revocation. Following receipt of an Opt-Out Notice from a Holder (unless subsequently revoked), the Company shall not deliver any notice to such Opt-Out Holder pursuant to Section 2.2 or Section 2.4, as applicable, and such Opt-Out Holder shall no longer be entitled to the rights associated with any such notice.

ARTICLE III
INDEMNIFICATION AND CONTRIBUTION

Section 3.1 **Indemnification by the Company**. The Company will indemnify and hold harmless each Holder, its officers and directors and each Person (if any) that controls such Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities, costs and expenses (including attorneys' fees) ("Losses") caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact (a) contained in any Registration Statement relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (b) included in any prospectus relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, *provided*, *however*, that such indemnity shall not apply to that portion of such Losses caused by, or arising out of, any untrue statement, or alleged untrue statement or any such omission or alleged omission, to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such Holder expressly for use therein.

Section 3.2 **Indemnification by the Holders**. Each Holder agrees to indemnify and hold harmless the Company, its officers and directors and each Person (if any) that controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Losses caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or prospectus relating to Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus, in the light of the circumstances under which such statement is made), only to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing by or on behalf of such Holder expressly for use therein.

Section 3.3 **Indemnification Procedures**. In case any Proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 3.1 or Section 3.2, such Person (the "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing (provided that the failure of the Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article III, except to the extent the Indemnifying Party is actually and materially prejudiced by such failure to give notice), and the Indemnifying Party shall be entitled to participate in such Proceeding and, unless in the reasonable opinion of outside counsel to the Indemnified Party a conflict of interest between the Indemnified Party and Indemnifying Party may exist in respect of such claim, to assume the defense thereof jointly with any other Indemnifying Party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party that it so chooses, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; *provided*, *however*, that (a) if the Indemnifying Party fails to assume the defense or employ counsel reasonably satisfactory to the Indemnified Party, (b) if such Indemnified Party who is a defendant in any action or Proceeding that is also brought against the Indemnifying Party reasonably shall have concluded that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party or (c) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct then, in any such case, the Indemnified Party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all Indemnified Parties in each jurisdiction, except to the extent any Indemnified Party or Parties reasonably shall have concluded that there may be legal defenses available to such party or parties that are not available to the other Indemnified Parties or to the extent representation of all Indemnified Parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct) and the Indemnifying Party shall be liable for any expenses therefor. No Indemnifying Party shall, without the written consent of the Indemnified Party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the

Indemnified Party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (a) includes an unconditional release of the Indemnified Party from all liability arising out of such action or claim and (b) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any Indemnified Party.

Section 3.4 Contribution.

(a) If the indemnification provided for in this Article III is unavailable to an Indemnified Party in respect of any Losses in respect of which indemnity is to be provided hereunder, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company (on the one hand) and a Holder (on the other hand) shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(b) The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Article III were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 3.4(a). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in Section 3.4(a) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Article III, no Holder shall be liable for indemnification or contribution pursuant to this Article III for any amount in excess of the net proceeds of the offering received by such Holder, less the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE IV
RULE 144; ASSISTANCE WITH TRANSFERS

Section 4.1 Rule 144.

(a) With a view to making available the benefits of certain rules and regulations of the Commission that may permit the resale of the Registrable Securities without registration, the Company agrees to use its commercially reasonable efforts to:

(i) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144, at all times from and after the date hereof;

(ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times from and after the date hereof; and

(iii) so long as a Holder owns any Registrable Securities, furnish (i) to the extent accurate, forthwith upon request, a written statement of the Company that it has complied with the reporting requirements of Rule 144 and (ii) unless otherwise available via the Commission's EDGAR filing system, to such Holder forthwith upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

Section 4.2 **Assistance with Transfers**. In connection with any sale or transfer of Registrable Securities by any Holder, including any sale or transfer pursuant to Rule 144 and other rules and regulations of the Commission that may at any time permit a Holder of Registrable Securities to sell securities of the Company to the public without registration, the Company shall, to the extent allowed by law, take any and all action necessary or reasonably requested by such Holder in order to permit or facilitate such sale or transfer, including, without limitation, at the sole expense of the Company, by (a) issuing such directions to any transfer agent, registrar or depositary, as applicable, (b) delivering such opinions to the transfer agent, registrar or depositary as are customary for the transaction of this type and are reasonably requested by the same, and (c) taking or causing to be taken such other actions as are reasonably necessary (in each case on a timely basis) in order to cause any legends, notations or similar designations restricting transferability of the Registrable Securities held by such Holder to be removed and to rescind any transfer restrictions with respect to such Registrable Securities; *provided, however*, that such Holder shall deliver to the Company, in form and substance reasonably satisfactory to the Company, representation letters regarding such Holder's compliance with such rules and regulations, as may be applicable. In addition, the Company, at its sole expense, shall use commercially reasonable efforts to remove any restrictive legend on any shares of Common Stock that are Registrable Securities upon request by the Holder if (a) such shares of Common Stock are sold pursuant to an effective registration statement or (b) a registration statement covering the resale of such shares of common Stock is effective under the Securities Act and the applicable Holder delivers to the Company a representation letter agreeing that such shares of Common Stock will be sold under such effective registration statement. Furthermore, if any Holder and its Affiliates collectively beneficially own at least ten percent (10%) of the outstanding shares of Common Stock following the third anniversary of the Closing Date, at the request of such Holder, the Company shall use its commercially reasonable efforts to assist such Holders with respect to any potential private transfer of any Common Stock held by such Holder and its Affiliates, including (a) entering into customary confidentiality agreements with any prospective transferees, (b) affording to such Holders, its Affiliates and any prospective transferees and their respective counsel, accountants, lenders and other representatives, reasonable access during normal business hours to the properties, books, contracts and records of the Company and (c) providing reasonable availability of appropriate members of senior management of the Company to provide customary due diligence assistance in connection with any such transfer; *provided, however*, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the Company's business and operations.

ARTICLE V
TRANSFER OR ASSIGNMENT OF RIGHTS

The rights to cause the Company to register Registrable Securities and other rights under this Agreement may be transferred or assigned by each Holder to one or more Transferees or assignees of Registrable Securities if (a) such Transferee is (i) a Permitted Transferee of such Holder or (ii) acquiring at least $25 million of Registrable Securities as determined by reference to the volume weighted average price for such Registrable Securities on any securities exchange or market on which the Common Stock is then listed or quoted for the five trading days immediately preceding the applicable determination date (the "5-Day VWAP"), and (b) such Transferee has delivered to the Company a duly executed Adoption Agreement.

ARTICLE VI
MISCELLANEOUS

Section 6.1 **Termination**. This Agreement shall terminate as to any Holder, when such Holder no longer owns any shares of Common Stock that constitute Registrable Securities; *provided*, *however*, that Article III and this Article VI (other than Section 6.6) shall survive any termination hereof.

Section 6.2 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

Section 6.3 **Captions**. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 6.4 **Remedies**. In the event of actual or potential breach by the Company of any of its obligations under this Agreement, each Holder, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

Section 6.5 **Governing Law; Waiver of Jury Trial**.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws that would direct the application of the laws of another jurisdiction.

(b) THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT.

Section 6.6 **Adjustments Affecting Registrable Securities**. The provisions of this Agreement shall apply to any and all shares of capital stock of the Company or any successor or assignee of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution for the Registrable Securities, by reason of any stock dividend, split, reverse split, combination, recapitalization, reclassification, merger, consolidation or otherwise in such a manner and with such appropriate adjustments as to reflect the intent and meaning of the provisions hereof and so that the rights, privileges, duties and obligations hereunder shall continue with respect to the capital stock of the Company as so changed.

Section 6.7 **Binding Effects; Benefits of Agreement**. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and each Holder and its successors and assigns. Except as provided in Article V, neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or transferred, by operation of law or otherwise, by any Holder without the prior written consent of the Company.

Section 6.8 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via facsimile transmission or transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

(a) If to the Company, to:

Laredo Petroleum, Inc.
15 West 6th Street, Suite 900
Tulsa, Oklahoma 74119
Attention: Mark Denny
Email: mdenny@laredopetro.com

with copies to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
600 Travis Street, Suite 2100
Houston, Texas 77002
Attention: Michael Piazza, David Aaronson
Email: mpiazza@willkie.com, daaronson@willkie.com

and

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Attention: Jeffrey Hochman
Email: jhochman@willkie.com

(b) If to the Sabalo Investor, to

Sabalo Energy, LLC
800 North Shoreline Boulevard, Suite 900 North
Corpus Christi, Texas 78407
Attention: Barry Clark
Email: bclark@sabaloenergy.com

with a copy to (which shall not constitute notice):

Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002
Attention: Molly Butkus and Charles Still
E-mail: molly.butkus@bracewell.com, charles.still@bracewell.com

(c) If to the Shad Investor, to

Shad Permian, LLC
c/o Benefit Street Partners LLC
9 West 57th Street, Suite 4920
New York, New York 10019
Attention: John Horstman
Email: j.horstman@benefitstreetpartners.com

with a copy to (which shall not constitute notice):

Haynes and Boone LLP
1221 McKinney Street, Suite 4000
Houston, Texas 77010
Attention: Austin Elam
E-mail: austin.elam@haynesboone.com

(d) If to any other Holders, to their respective addresses set forth on the applicable Adoption Agreement;

Any party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed.

Section 6.9 **Modification; Waiver**. This Agreement may be amended, modified or supplemented only by a written instrument duly executed by the Company and the Majority Holders. No course of dealing between the Company and the Holders (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 6.10 **Entire Agreement**. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

Section 6.11 **Third Party Beneficiaries**. Except as otherwise expressly provided herein, this Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns and other Persons expressly named herein.

Section 6.12 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its undersigned duly authorized representative as of the date first written above.

LAREDO PETROLEUM, INC.
a Delaware corporation

By: _____
Name:
Title:

SABALO ENERGY, LLC
a Texas limited liability company

By: _____
Name:
Title:

SHAD PERMIAN, LLC
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee ("Transferee") pursuant to the terms of that certain Registration Rights Agreement, dated as of [●], 2021, by and among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Sabalo Energy, LLC, a Texas limited liability company, Shad Permian, LLC, a Delaware limited liability company, and the Holders from time to time party thereto (as amended, supplemented, or otherwise modified from time to time, the "Registration Rights Agreement"). Terms used and not otherwise defined in this Adoption Agreement have the meanings set forth in the Registration Rights Agreement.

By the execution of this Adoption Agreement, the Transferee agrees as follows:

1. Acknowledgement. Transferee acknowledges that Transferee is acquiring certain shares of Common Stock of the Company, subject to the terms and conditions of Registration Rights Agreement, among the Company and the Holders party thereto.

2. Agreement. Transferee (i) agrees that the shares of Common Stock of the Company acquired by Transferee shall be bound by and subject to the terms of the Registration Rights Agreement, pursuant to the terms thereof, and (ii) hereby adopts the Registration Rights Agreement with the same force and effect as if he, she, or it were originally a party thereto.

3. Notice. Any notice required as permitted by the Registration Rights Agreement shall be given to Transferee at the address listed beside Transferee's signature below.

4. Joinder. The spouse of the undersigned Transferee, if applicable, executes this Adoption Agreement to acknowledge its fairness and that it is in such spouse's best interest, and to bind such spouse's community interest, if any, in the shares of Common Stock and other securities referred to above and in the Registration Rights Agreement, to the terms of the Registration Rights Agreement.

Signature:

_____

Address:
Contact Person:
Telephone No:
Email:

EXHIBIT F

FORM OF STANDSTILL AGREEMENT

THIS STANDSTILL AGREEMENT, dated as of [_____], 2021 (this "Agreement"), is entered into by and among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Sabalo Energy, LLC, a Delaware limited liability company ("Seller"), and EnCap Capital Fund IX, L.P. ("EnCap" and, together with Seller, the "Seller Parties"). The Company and the Seller Parties may be referred to herein collectively as the "Parties" and each individually as a "Party".

RECITALS

WHEREAS, the Company and Seller are parties to that certain Purchase and Sale Agreement dated as of May [__], 2021 (as amended or otherwise modified, the "Purchase Agreement"), pursuant to which (and subject to the terms and conditions set forth therein), on the date hereof, Seller has sold to the Company, and the Company has acquired and accepted, the Assets (as defined in the Purchase Agreement) in exchange for the payment by the Company to Seller of the Purchase Price (as defined in the Purchase Agreement), which includes [_____] shares (the "Issued Shares") of common stock of the Company, par value $0.01 per share ("Common Stock"; and such transactions contemplated by the Purchase Agreement, the "Transactions");

WHEREAS, as a condition and inducement to the Company's and Seller's willingness to enter into the Purchase Agreement and to proceed with the transactions contemplated thereby, including the Transactions, the Parties are entering into this Agreement; and

WHEREAS, EnCap acknowledges that the Company and Seller are entering into the Purchase Agreement in reliance on EnCap's execution and delivery of this Agreement and the representations, warranties, covenants and other agreements of EnCap set forth herein and would not enter into the Purchase Agreement if EnCap did not enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

1. **Defined Terms**. The following capitalized terms, as used in this Agreement, shall have the meanings set forth below. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in the Purchase Agreement.

"Affiliate" means, as to any Person, any other Person who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person; *provided*, *however*, that (a) the Company, on one hand, and each Seller Party and its Affiliates, on the other hand, shall not be considered to be Affiliates of each other, (b) none of a Seller Party or any of its Affiliates, on one hand, and any other Seller Party or any of its Affiliates, on the other hand, shall be considered to be Affiliates of each other solely by reason of the existence of this Agreement, and (c) no operating portfolio company of any Financial Investor or Controlled Affiliate of such operating portfolio company shall be considered to be an Affiliate of such Financial Investor; *provided further* that, notwithstanding the foregoing clause (c), Sabalo Holdings, LLC and its Controlled Affiliates (including Seller) shall be considered Affiliates of EnCap and its Affiliates, and vice versa, for purposes hereof. As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such Person (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise).

"beneficially own" (or correlative terms) shall have the meaning set forth in Rules 13d-3 and 13d-5(b)(1) promulgated under the Exchange Act.

"Board" means the board of directors of the Company.

"Controlled Affiliate" means, with respect to any Person, an Affiliate of such Person that is controlled by such Person.

"Covered Shares" means, with respect to any Seller Party, any (a) Issued Shares or (b) other shares of Common Stock, in each case that such Seller Party or any of its Affiliates becomes the record and/or beneficial owner of on or after the date hereof.

"Financial Investor" means EnCap and any other any private equity fund, investment fund or other similar financial investor and each such Person's Affiliates.

"Person" shall be interpreted broadly to include, among others, any individual, general or limited partnership, corporation, limited liability company, joint venture, trust, estate, group, association or other entity of any kind or structure.

"Restricted Period" means, with respect to any Seller Party, the period beginning on the date hereof and ending upon the termination of this Agreement pursuant to Section 3 as to such Seller Party or as to all Parties.

"Restricted Person" means, with respect to any Seller Party, the respective principals, directors, general partners, officers, employees, agents and representatives of such Seller Party and its Affiliates.

2. **Standstill Agreement**. During the Restricted Period, each Seller Party (on behalf of itself and each of its Affiliates) agrees that it shall not, directly or indirectly, through its Affiliates or otherwise, and shall cause such Seller Party's Restricted Persons not to, without the prior written consent of the Board, in any manner:

(a) acquire, agree to acquire or make any proposal or offer to acquire any shares of Common Stock or securities that are convertible or exchangeable into (or exercisable for) shares of Common Stock, other than as contemplated by the Purchase Agreement or as a result of any stock split or stock dividend;

(b) make any proposal or offer to the Board or any of the Company's stockholders, or make any public announcement, proposal or offer, with respect to any merger, consolidation, business combination, reorganization or similar transaction involving the Company or any subsidiary of the Company (except for the Purchase Agreement and the Transactions); *provided* that nothing in this Section 2(b) shall prohibit any Seller Party from privately communicating any such proposal or offer to the Company so long as such private communications do not trigger public disclosure obligations of or for any Person (including the filing of a Schedule 13D or Schedule 13G or any amendment thereof);

(c) enter into any merger, consolidation, business combination, reorganization or other similar transaction involving the Company or any of its subsidiaries (except for the Purchase Agreement and the Transactions) unless such transaction is affirmatively publicly recommended by the Board;

(d) make, or in any way participate in, any statement or proposal to the Company or any of the Company's stockholders or any public announcement, proposal or offer (including any "solicitation" of "proxies" (as such terms are used in Regulation 14A promulgated under the Exchange Act)) to vote or consent, or seek to advise or influence any Person with respect to the voting of, or granting of a consent with respect to, any securities of or interests in the Company or any of its subsidiaries;

(e) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Common Stock other than (i) as contemplated by this Agreement and (ii) forming, joining or in any way participating in a "group" solely between or among any one or more of such Seller Party and such Seller Party's Affiliates;

(f) enter into, propose or solicit any arrangement or understanding with another Person pursuant to which such Seller Party or any of its Affiliates may vote or consent, or direct or influence the voting or failure to vote or consenting or failure to consent, of any security of or interest in the Company not owned of record on the date hereof by any Seller Party, including any voting trust, voting agreement, pooling agreement or similar arrangement, other than (i) this Agreement and (ii) any such arrangement or understanding solely between or among any one or more of such Seller Party and such Seller Party's Affiliates;

(g) provide, or act as agent for the purpose of obtaining, debt or equity financing for any transaction described in clause (a), (b) or (c) above;

(h) request, call or seek to call a meeting of the stockholders of the Company, nominate any individual for election as a director of the Company at any meeting of the stockholders of the Company, submit any stockholder proposal (pursuant to Rule 14a-8 promulgated under the Exchange Act or otherwise) to seek representation on the Board or any other proposal to be considered by the stockholders of the Company, or publicly recommend that any other stockholder vote in favor of, or otherwise publicly comment favorably about, or solicit votes or proxies for, any such nomination or proposal submitted by another stockholder of the Company, or otherwise publicly seek to control or influence the Board, management or policies of the Company;

(i) make any request to amend or waive the terms of this Agreement if such request would reasonably be respected to require the Company to make any public announcement with respect to such request;

(j) publicly disclose any intention, plan or arrangement prohibited by, or inconsistent with, any of the foregoing; or

(k) knowingly advise, assist or encourage any other Person to do any of the foregoing.

Notwithstanding the foregoing, the Parties agree and acknowledge that (i) each Seller Party and its Controlled Affiliates may vote their shares of Common Stock at any meeting of holders of Common Stock in their sole discretion, (ii) the limitations set forth in this Section 2 shall in no way limit any communication between or among a Seller Party and its Affiliates or any transferee with respect to any shares of Common Stock transferred to any such transferee, (iii) each Seller Party and its Affiliates may coordinate any such vote with, act in concert with, and be part of a group with, any other Affiliate of such Seller Party, and (iv) nothing in this Section 2 shall apply to potential or actual purchases or sales of oil and/or gas assets or interests between EnCap or any of its Affiliates, on the one hand, and the Company or any of its subsidiaries, on the other hand.

3. **Termination**. This Agreement shall terminate upon the earliest of (a) the second anniversary of the date of this Agreement, (b) the acquisition by any Person of beneficial ownership of more than 50% of the outstanding shares of Common Stock, (c) the mutual written agreement of the Parties to terminate this Agreement and (d) as to any Seller Party and such Seller Party's Affiliates, such time as such Seller Party and its Affiliates collectively own beneficially less than 10% of the shares of Common Stock then outstanding; *provided* that the provisions set forth in Sections 8 to 20 shall survive the termination of this Agreement; *provided further* that any liability incurred by any Party as a result of a breach of a term or condition of this Agreement prior to such termination shall survive the termination of this Agreement.

4. **Representations and Warranties of Seller Parties**. Each Seller Party hereby, severally and not jointly, represents and warrants to the Company as follows as of the date of this Agreement:

(a) Such Seller Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has all requisite entity power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement by such Seller Party, the performance by such Seller Party of its obligations hereunder and the consummation by such Seller Party of the transactions contemplated hereby have been duly and validly authorized by such Seller Party, and no other actions or proceedings on the part of such Seller Party are necessary to authorize the execution and delivery by such Seller Party of this Agreement, the performance by such Seller Party of its obligations hereunder or the consummation by such Seller Party of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by such Seller Party and, assuming due authorization, execution and delivery by the other Parties, constitutes a legal, valid and binding obligation of such Seller Party, enforceable against such Seller Party in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(b) Upon issuance of the Issued Shares to Seller, Seller will (i) be the record holder and/or beneficial owner of the Issued Shares, free and clear of liens other than as created by this Agreement and restrictions on transfer under applicable securities laws, and (ii) have voting power and power of disposition with respect to all of the Issued Shares.

(c) Such Seller Party is not a record holder of and does not own beneficially any (i) shares of Common Stock or other voting securities of the Company, (ii) securities of the Company convertible into or exchangeable for shares of Common Stock or other voting securities of the Company or (iii) options or other rights to acquire from the Company any shares of Common Stock, other voting securities or securities convertible into or exchangeable for shares of Common Stock or other voting securities of the Company, except for the Issued Shares.

(d) Except as contemplated by this Agreement, such Seller Party (i) has not entered into any voting agreement or voting trust with respect to any Covered Shares and (ii) has not granted a proxy or power of attorney with respect to any Covered Shares, in either case, which is inconsistent with such Seller Party's obligations pursuant to this Agreement.

(e) Except for the applicable requirements of the Exchange Act, (i) no filing with, and no permit, authorization, consent or approval of, any governmental entity is necessary on the part of such Seller Party for the execution, delivery and performance of this Agreement by such Seller Party or the consummation by such Seller Party of the transactions contemplated hereby and (ii) neither the execution, delivery or performance of this Agreement by such Seller Party nor the consummation by such Seller Party of the transactions contemplated hereby nor compliance by such Seller Party with any of the provisions hereof will (A) conflict with or violate any provision of the organizational documents of such Seller Party, (B) result in any breach or violation of, or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien on such property or asset of such Seller Party pursuant to, any contract to which such Seller Party is a party or by which such Seller Party or any property or asset of such Seller Party is bound or affected or (C) violate any order, writ, injunction, decree, statute, rule or regulation applicable to such Seller Party or any of such Seller Party's properties or assets except, in the case of clause (B) or (C), for breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of such Seller Party to perform its obligations hereunder.

(f) There is no action, suit, investigation, complaint or other proceeding pending against such Seller Party or, to the knowledge of such Seller Party, threatened against such Seller Party that restricts or prohibits (or, if successful, would restrict or prohibit) the exercise by the Parties of their rights under this Agreement or the performance by any Party of its obligations under this Agreement.

5. **Disclosure**. Each Seller Party hereby authorizes the Company to disclose, in any filing required under the Securities Act or the Exchange Act, such Seller Party's identity and ownership of the Covered Shares and the nature of the such Seller Party's obligations under this Agreement, in each case, to the extent, and only to the extent, such disclosure is required under the Securities Act or the Exchange Act.

6. **No Ownership Interest**. Nothing contained in this Agreement shall be deemed to vest in the Company any direct or indirect ownership or incidence of ownership of or with respect to any Covered Shares. All rights, ownership and economic benefit relating to the Covered Shares shall remain vested in and belong to the Seller Party or other Person owning such Covered Shares, and the Company shall have no authority to direct the Seller Parties or their Affiliates in the voting or disposition of any of the Covered Shares.

7. **Non-Survival of Representations and Warranties**. The representations and warranties of each Seller Party contained herein shall not survive the termination of this Agreement with respect to such Seller Party.

8. **Amendment and Modification**. Subject to the provisions of the applicable Laws, at any time prior to the Termination Date, the Parties may modify or amend this Agreement, by written agreement of the Parties.

9. **Waiver**. The failure of any Party to assert any of its rights hereunder or under applicable Law shall not constitute a waiver of such rights and, except as otherwise expressly provided herein, no single or partial exercise by any Party of any of its rights hereunder precludes any other or further exercise of such rights or any other rights hereunder or under applicable Law. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

10. **Notices**. Any notice, request, instruction or other document to be given hereunder by any Party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, by email or overnight courier:

If to EnCap, addressed to:

EnCap Investments, L.P.
1100 Louisiana Street, Suite 4900
Houston, Texas 77002
Attention: Brooks Despot
Email: bdespot@encapinvestments.com

with copies (which shall not constitute notice) to:

Vinson & Elkins LLP
1001 Fannin Street
Houston, Texas 77002
Attention: W. Matthew Strock
Email: mstrock@velaw.com

If to Seller, addressed to:

Sabalo Energy, LLC
800 N Shoreline Blvd, Suite 900N
Corpus Christi, TX 78401
Attention: Barry Clark
Email: bclark@sabaloenergy.com

with copies (which shall not constitute notice) to:

Bracewell LLP
711 Louisiana, Suite 2300
Houston, Texas 77002
Attention: Molly Butkus; Charles Still
Email: molly.butkus@bracewell.com; charles.still@bracewell.com

If to the Company, addressed to:

Laredo Petroleum, Inc.
15 W. 6th Street, Suite 900
Tulsa, Oklahoma 74119
Attention: Mark Denny
Email: mdenny@laredopetro.com

with copies (which shall not constitute notice) to:

Willkie Farr & Gallagher LLP
600 Travis Street, Suite 2100
Houston, Texas 77002
Attention: Michael Piazza; David Aaronson
Email: mpiazza@willkie.com; daaronson@willkie.com

and

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Attention: Jeffrey Hochman
Email: jhochman@willkie.com

11. **Entire Agreement**. This Agreement constitutes the entire agreement and supersedes all other prior agreements, understandings, representations and warranties both written and oral, among the Parties, with respect to the subject matter hereof.

12. **No Third-Party Beneficiaries**. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

13. **GOVERNING LAW AND VENUE**. THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF TO THE EXTENT THAT SUCH PRINCIPLES WOULD DIRECT A MATTER TO ANOTHER JURISDICTION. The Parties hereby irrevocably submit to the personal jurisdiction of the United States District Court for the Southern District of Texas, solely in respect of the interpretation and enforcement of the provisions of (and any claim or cause of action arising under or relating to) this Agreement, and in respect of the transactions contemplated by this Agreement, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts, and the Parties irrevocably agree that all claims relating to such action, proceeding or transactions shall be heard and determined in such courts. The Parties hereby consent to and grant any such court jurisdiction over the person of such Parties and, to the extent permitted by Law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10 or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

14. **WAIVER OF JURY TRIAL**. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (a) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (c) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (d) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.

15. **Specific Performance**. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the United States District Court for the Southern District of Texas, this being in addition to any other remedy to which such Party is entitled at law or in equity. In the event that any action is brought in equity to enforce the provisions of this Agreement, no Party shall allege, and each Party hereby waives the defense or counterclaim, that there is an adequate remedy at law. Each Party further agrees that no other Party or any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 15, and each Party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

16. **Assignment; Successors**. This Agreement shall not be assignable by operation of law or otherwise. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Any purported assignment in violation of this Agreement shall be null and void.

17. **Severability**. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application of such provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application of such provision, in any other jurisdiction.

18. **Counterparts**. This Agreement may be executed in any number of counterparts, each counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

19. **No Presumption Against Drafting Party**. The Parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

20. **Several Obligations of the Seller Parties**. Notwithstanding anything in this Agreement to the contrary, the representations, warranties, covenants and agreements of each Seller Party in this Agreement are the several representations, warranties, covenants and agreements of such Seller Party and are not made jointly with any other Seller Party. No Seller Party shall be responsible or liable in any way for any breach or non-performance by any other Seller Party of such other Seller's Party's representations, warranties, covenants or agreements in this Agreement (except, in the case of covenants or agreements in this Agreement to which such Seller Party's Affiliates are subject, to the extent that such other Seller Party is a Controlled Affiliate of such Seller Party).

[*The remainder of this page is intentionally left blank.*]

IN WITNESS WHEREOF, the Parties have caused to be executed or executed this Agreement as of the date first written above.

ENCAP:

ENCAP CAPITAL FUND IX, L.P.

By: EnCap Equity Fund IX, GP, L.P.,
its general partner

By: EnCap Investments L.P.,
its general partner

By: EnCap Investments GP, L.L.C.,
its general partner

By: _____
Name:
Title:

[*Signature Page to Standstill Agreement*]

SELLER:

SABALO ENERGY, LLC

By: _____
Name: Barry Clark
Title: President

[*Signature Page to Standstill Agreement*]

COMPANY:

LAREDO PETROLEUM, INC.

By: _____
Name:
Title:

[*Signature Page to Standstill Agreement*]

Exhibit 2.2

Execution Version

PURCHASE AND SALE AGREEMENT

by and between

SHAD PERMIAN, LLC

as Seller

and

LAREDO PETROLEUM, INC.

as Purchaser

Dated May 7, 2021

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement"), is dated as of May 7, 2021 (the "Execution Date"), by and between Shad Permian, LLC, a Delaware limited liability company ("Seller"), and Laredo Petroleum, Inc., a Delaware corporation ("Purchaser"). Seller, on the one hand, and Purchaser, on the other hand, are referred to herein individually, as a "Party" and collectively, as the "Parties".

RECITALS:

Seller desires to sell, and Purchaser desires to purchase, those certain oil and gas properties, rights, and related assets that are defined and described as "Assets" herein.

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations, warranties, covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
PURCHASE AND SALE

1.1 **Purchase and Sale**. On the terms and conditions contained in this Agreement, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase, accept, and pay for, the Assets.

1.2 **Certain Definitions**. As used herein:

(a) "Affiliate" has the meaning set forth on Schedule PSA.

(b) "Applicable Funds" has the meaning set forth on Schedule PSA.

(c) "Applicable Seller Indemnitees" means the Applicable Funds, Manager, any Person that directly or indirectly controls the Applicable Funds and/or Manager and any of the respective Representatives of any of the foregoing Persons, but excluding any Person that is a portfolio company of any of the foregoing and any Person that is controlled by any such portfolio company.

(d) "Asset Taxes" means ad valorem, property, excise, severance, production, sales, use and similar Taxes based upon the acquisition, operation or ownership of the Assets or the production of Hydrocarbons therefrom, but excluding, for the avoidance of doubt, Income Taxes and Transfer Taxes.

(e) "Assets" means all of Seller's right, title, and interest in and to the following (but excluding in all cases any Excluded Assets):

(i) the oil and gas leases, oil, gas, and mineral leases and subleases, carried interests, operating rights, record title interests and other interests located within the Designated Area, including those identified or described on Exhibit A-1, and, without limiting the foregoing, all other rights (of whatever character, whether legal or equitable, vested or contingent, and whether or not the same are expired or terminated) in and to the Hydrocarbons in, on, under, and that may be produced from or are otherwise attributable to the Designated Area, including the lands covered by the leases, subleases, interests and rights described on Exhibit A-1, and any renewals, modifications, supplements, ratifications or amendments to such leases, subleases, interests and rights described on Exhibit A-1 (collectively, the "Leases");

(ii) all Hydrocarbon, water, CO_2, or injection or disposal wells identified on Exhibit A-2 and any and all Hydrocarbon, water, CO_2, or injection or disposal wells located on the Leases or on lands pooled, communitized, or unitized therewith or on the Rights of Way, including the wells shown on Exhibit A-2, in each case, whether producing, non-producing, permanently or temporarily plugged and abandoned, and whether or not fully described on any exhibit or schedule hereto (the "Wells");

(iii) all pooled, communitized, consolidated or unitized acreage which includes all or part of any Leases, and all tenements, hereditaments, and appurtenances belonging thereto, including, for purposes of clarity, such units more particularly identified on Exhibit A-3 (collectively, the "Units," and, together with the Wells and Leases, the "Properties");

(iv) all currently existing contracts, agreements, and instruments pertaining to the other Assets (to the extent applicable to the other Assets) including operating agreements; unitization, pooling, and communitization agreements; declarations and orders; area of mutual interest agreements; farmin and farmout agreements; exchange agreements; compressor agreements; gathering agreements; agreements for the sale and purchase of Hydrocarbons; disposal agreements; transportation agreements; and processing agreements (the "Contracts"); provided, however, that the term "Contracts" shall not include (x) the Leases, the Rights of Way and other instruments constituting Seller's chain of title to the applicable Leases or Rights of Way or (y) any master services agreements, drilling contracts and other similar service contracts;

(v) all currently existing Permits, to the extent related to the Assets and to the extent transferrable;

(vi) all surface and/or subsurface easements, permits, licenses, servitudes, rights-of-way, leases, rights to explore and drill for, produce, store, gather, transport, use and sell surface and subsurface water and other rights to use the surface appurtenant to, and used or held for use in connection with, the Properties, including those described on Exhibit A-4 (collectively, the "Rights of Way"); provided, however, that the term "Rights of Way" shall not include interests held pursuant to the Leases and other instruments constituting Seller's chain of title to the applicable Leases;

(vii) all surface and subsurface equipment, machinery, fixtures, and other tangible personal property and improvements that are located at, on or under any of the lands covered by or attributable to any of the Properties or are used or held for use in connection with the ownership or operation of the Properties or any of the other Assets or the production, treatment, storage, disposal, or transportation of Hydrocarbons or other substances thereon or therefrom (including all Well and wellhead equipment, casing rods, boilers, tubing, motors, fixtures, pumps, pumping units, Hydrocarbon measurement facilities, flowlines, gathering systems, piping, pipelines, compressors, Hydrocarbons measurement facilities, metering facilities, interconnections, tanks, tank batteries, treatment facilities, injection facilities, disposal facilities, compression facilities, processing and separation facilities, platforms, SCADA equipment, frac tanks and ponds and other materials, supplies, inventory, facilities, machinery, equipment and similar personal property (both surface and subsurface)) (collectively, the "Equipment");

(viii) all Hydrocarbons produced from, or attributable to, the Assets from and after the Effective Date; all Hydrocarbon inventories from or attributable to the Assets that are in storage or existing in stock tanks, pipelines and/or plants on the Effective Date (including inventory and line fill); and, to the extent related or attributable to the Assets, all production, plant, and transportation imbalances (provided, however, that Purchaser's rights to the inventories and imbalances described in this subsection (viii) shall be satisfied solely pursuant to Sections 2.3(c) and 2.3(d));

(ix) except to the extent related to any of the Retained Obligations, all (A) trade credits, accounts receivable, take-or-pay amounts receivable, and other receivables and general intangibles, to the extent attributable to the other Assets for periods of time from and after the Effective Date, (B) liens and security interests in favor of Seller or any of its Affiliates under any Law or Contract to the extent arising from, or relating to, the ownership, operation, or sale or other disposition on or after the Effective Date of any of the other Assets or to the extent arising in favor of Seller with respect to any Asset or any Assumed Obligation for which Purchaser is providing indemnification hereunder, (C) indemnity, contribution, and other such rights in favor of Seller or any of its Affiliates arising under any of the other Assets to the extent attributable to such other Assets for periods of time from and after the Effective Date or related to any Assumed Obligation hereunder, including rights to contribution under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, breaches of statutory or implied warranties, nuisance or other tort actions, rights to punitive damages, common Law rights of contribution and all rights and remedies of any kind arising under or with respect to any Contracts ((1) whether related to periods of time occurring before, on or after the Effective Date and (2) including audit and other similar rights (including, for purposes of clarity, the right to receive adjustments, refunds or other proceeds related to or payable in connection with the exercise of any such rights)) and (D) rights, remedies, claims, demands, interests or causes of action whatsoever, at Law or in equity, known or unknown, of Seller or any of its Affiliates against any third Person to the extent related to (1) the Assets or periods of time from and after the Effective Date or (2) any Assumed Obligation, and, where necessary to give effect to the assignment, conveyance and/or transfer of any of the foregoing matters described in this Section 1.2(c)(ix), Seller grants to Purchaser the right to be subrogated thereto, except, in each case, to the extent relating to any of the Retained Obligations; and

(x) originals, to the extent available, otherwise copies (including electronic copies) of files, records, information and data in Seller's or any of its Affiliates' possession or control and to the extent relating or relevant to Seller's ownership and/or operation of all or any portion of any of the Assets, including all books, records, data, files, information, drawings, maps, lease files, land files, surveys, division order files, abstracts, muniments of title, title opinions, title curative documents and other title information, contract files, well logs and other similar files, well and equipment telemetry data, wellbore schematics, shape files, the G&G Data, production data, well, operation and accounting data and records, workover, artificial lift conversion and downtime history, KMZ files, and engineering, exploration and other technical data and information (excluding any interpretive data or other technical analysis) that relates or is relevant to any of the Assets (including, for purposes of clarity, the ownership or operation thereof), but excluding, in each case:

(A) all corporate, financial, Tax, and legal data and records of Seller that relate to Seller's business generally (whether or not relating to the Assets) or to Seller's business (including all Income Tax data and records), operations, assets, and properties to the extent not related to or part of the Assets;

(B) any data, software, and records to the extent disclosure or transfer is prohibited or subjected to payment of a fee or other consideration by any license agreement or other agreement, or by applicable Law, and for which no consent to transfer has been received and/or for which Purchaser has not agreed in writing to pay the fee or other consideration, as applicable;

(C) all legal records and legal files of Seller, including all work product of, and attorney-client communications with, Seller's legal counsel (other than Leases, title opinions, and Contracts, which shall, for purposes of clarity, be included in the Assets);

(D) data and records relating to the sale of the Assets, including communications with the advisors or other Representatives of Seller or any member of Seller Group;

(E) any data and records relating to the Excluded Assets or assets and properties to the extent they do not constitute Assets under this Agreement; and

(F) those original data and records retained by Seller pursuant to Section 12.5.

(Clauses (A) through (F) shall hereinafter be referred to as the "Excluded Records" and subject to such exclusions, the data, software and records described in this Section 1.2(e)(x) are referred to herein as the "Records.").

(f) "barrel" means forty-two (42) U.S. gallons.

(g) "Base of the Wolfcamp A" means the stratigraphic equivalent of 7,630 feet measured depth as recorded in the Howard Co SELF Type Log run in the Sabalo Operating LLC Texas Pacific #1 Boyles well (API 42-227-03652) located 660' FNL & 620' FEL of Section 15, BLK 32, 2 or at coordinates X= 772910 Y= 308919 in Howard County, Texas.

(h) "Business Day" means any day other than a Saturday, a Sunday, or a day on which banks are closed for business in Houston, Texas, United States of America.

(i) "Code" means the United States Internal Revenue Code of 1986, as amended.

(j) "Cut-Off Date" means five o'clock p.m. in Houston, Texas on the date that is twelve (12) months following the Closing Date.

(k) "Designated Area" means Howard and Borden Counties, Texas.

(l) "Effective Date" means 12:01 a.m. in Houston, Texas on April 1, 2021.

(m) "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701 et seq.; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001 et seq.; and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j, in each case as amended to the date hereof, and all similar Laws, including common law, as of the Execution Date of any Governmental Authority having jurisdiction over the property in question addressing pollution or protection of the environment, biological or cultural resources, exposure to pollution or chemicals in the environment or protection of occupational safety and all regulations implementing the foregoing.

(n) "Environmental Matters" means (i) the terms of Article 3, (ii) Seller's representations and warranties in Sections 4.2 and 4.15, (iii) Seller's covenants and agreements pursuant to Section 6.4, (iv) the Retained Obligations and (v) Seller's liability and indemnification obligations with respect to (including, for purposes of clarity, Purchaser's right to indemnification pursuant to Article 11 with respect to) any (A) breach or inaccuracy, as applicable, of any such representations and warranties, covenants or agreements or (B) any Retained Obligations (including, for purposes of clarity, any and all Damages caused by, arising out of, resulting from or related to any of the foregoing matters described in this definition).

(o) "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

(p) "Fraud" means actual and intentional fraud by a Party with respect to the making of the representations and warranties pursuant to Article 4 or Article 5 (as applicable); provided, that such actual and intentional fraud of such Party shall only be deemed to exist if any of the individuals included on Subpart 1 of Schedule K (in the case of Seller) or Subpart 2 of Schedule K (in the case of Purchaser) had Knowledge of the breach or inaccuracy of any such representation(s) and/or warranty(ies) when made by such Party pursuant to Article 4 or Article 5 (as applicable), with the intent of inducing the other Party to enter into this Agreement and upon which such other Party has relied to its detriment (as opposed to any fraud claim based on constructive knowledge, negligent misrepresentation or a similar theory under applicable Law).

(q) "G&G Data" means all geological or geophysical information constituting proprietary data, studies, core samples, maps, related technical data and any other geological or geophysical information (in each case excluding any interpretations of Seller made with respect to such information as well as any seismic information of Seller) covering the Properties which Seller is not prohibited by agreement from transferring to Purchaser (other than any such information licensed from non-Affiliate Persons that cannot be transferred without additional consideration to such non-Affiliate Persons and for which Purchaser has not agreed (in its sole discretion) to pay such additional consideration).

(r) "GAAP" means United States generally accepted accounting principles, consistently applied.

(s) "Governmental Authority" means any national, state, county or municipal government and/or government of any political subdivision, and departments, courts, commissions, boards, bureaus, ministries, agencies, or other instrumentalities of any of them.

(t) "Hazardous Substance" shall mean any pollutants, contaminants, toxic or hazardous or extremely hazardous substances, materials, wastes, constituents, compounds or chemicals that are regulated by, or may form the basis of liability under, any Environmental Laws, including NORM, petroleum and any fraction thereof and any other substances referenced in Section 3.4(c).

(u) "Hedge" means any future derivative, swap, collar, put, call, cap, option or other contract that is intended to benefit from, relate to, or reduce or eliminate the risk of fluctuations in interest rates, basis risk or the price of commodities, including hydrocarbons or securities.

(v) "Hydrocarbons" means crude oil, gas, casinghead gas, condensate, natural gas liquids, and other gaseous or liquid hydrocarbons (including ethane, propane, iso-butane, nor-butane, gasoline, and scrubber liquids) of any type and chemical composition.

(w) "Income Taxes" means any U.S. federal, state or local or foreign income Tax or Tax based on profits, net profits, margin, revenues, gross receipts or similar measure.

(x) "Indemnity Holdback Escrow Account" means the escrow account established by the Indemnity Holdback Escrow Agreement.

(y) "Knowledge" (or "known" or other derivatives thereof) means, whether or not capitalized, (i) with respect to Seller, the actual knowledge, without any duty of inquiry or investigation, of any of the individuals listed in Subpart 1 of Schedule K and (ii) with respect to Purchaser the actual knowledge, without any duty of inquiry or investigation, of any of the individuals listed in Subpart 2 of Schedule K.

(z) "Laws" means all laws, statutes, rules, regulations, ordinances, orders, decrees, writs, injunctions, requirements, judgments, and codes of Governmental Authorities.

(aa) "Material Consent" means a consent by a third Person (i) that if not obtained prior to the assignment of an Asset, (A) voids or nullifies (automatically or at the election of the holder thereof) the assignment, conveyance or transfer of such Asset, (B) terminates (or gives the holder thereof the right to terminate) any material rights in the Asset subject to such consent, or (C) requires payment of a fee or liquidated damages or (ii) that has affirmatively been denied in writing (except for any such consent that is otherwise waived in writing by Purchaser); provided, however, that "Material Consent" does not include (x) any consent or approval of Governmental Authorities customarily obtained after Closing or (y) any consent which by its express terms cannot be unreasonably withheld, even if such consent has been affirmatively denied in writing.

(bb) "Material Contract" means, to the extent binding on the Assets or Purchaser's ownership thereof after Closing, any Contract which is one or more of the following types:

(i) Contracts between Seller, on the one hand, and any Affiliate of Seller, on the other hand, which will be binding on or otherwise burden Purchaser or any of the Assets after the Closing;

(ii) Contracts for the sale, purchase, exchange, or other disposition of Hydrocarbons produced from or allocable to the Properties which are not cancelable without penalty to, or material payment by Seller, its Affiliates, or its or their permitted successors and assigns, on sixty (60) days' or less prior written notice;

(iii) To the extent currently pending, Contracts to sell, lease, farmout, exchange, or otherwise dispose of all or any part of the Assets at any time from and after the Effective Date, but excluding conventional rights of reassignment upon intent to abandon any Asset;

(iv) Contracts for the gathering, treatment, processing, storage or transportation of Hydrocarbons, which are not cancelable without penalty to or material payment by Seller, its Affiliates, or its or their permitted successors and assigns, on sixty (60) days' or less prior written notice;

(v) Contracts that are joint operating agreements, unit operating agreements, exploration agreements, development agreements, participation agreements, joint venture agreements, area of mutual interest agreements (or that contain area of mutual interest agreements or similar provisions), farmin agreements, farmout agreements, non-compete agreements, production sharing agreements, exchange agreements, pooling agreements or other similar agreements, including any agreement with any express drilling or development obligations to the extent the same have not been fully performed or fulfilled and would be binding on Purchaser and/or the Assets after Closing;

(vi) Contracts requiring Seller or its Affiliates to post guarantees, bonds, letters of credit or similar financial agreements;

(vii) Contracts that provide for a call upon, option to purchase or similar right with respect to any of the Assets (including any Hydrocarbons produced therefrom or allocated thereto);

(viii) Contracts that are sale lease-back agreements, indentures, loan agreements, credit agreements, security agreements, mortgages, promissory notes or similar financial agreements that will be binding on, or result in a lien or other encumbrance on, any of the Assets after the Closing;

(ix) Contracts for salt water or fresh water disposal, gathering, processing, transportation or other similar agreements, or any water rights or water source agreements, which are not cancelable without penalty to or material payment by Seller, its Affiliates, or its or their permitted successors and assigns, on sixty (60) days' or less prior written notice;

(x) Contracts containing "tag-along" or "drag-along" rights, preferential rights or other similar rights of, or applicable to, any Person, including, without limitation, any "change of control" or other similar provision;

(xi) Contracts that constitute a lease under which Seller is the lessor or the lessee of real or personal property which lease (A) cannot be terminated by Seller without penalty or material payment upon sixty (60) days' or less prior written notice and (B) involves (x) an annual base rental of more than One Hundred Thousand Dollars ($100,000) or (y) the payment of more than One Hundred Thousand Dollars ($100,000) in the aggregate (net to Seller's interest); and

(xii) All other Contracts that can reasonably be expected to involve aggregate payments by, or aggregate proceeds or revenues to, Seller or any of its Affiliates in excess of One Hundred Thousand Dollars ($100,000) during the current year or any subsequent fiscal year.

(cc) [reserved].

(dd) "Net Revenue Interest" means, (i) with respect to any Well, Seller's interest (expressed as a percentage or a decimal) in and to the Hydrocarbons produced and saved or sold from or allocated to such Well from those formations from which such Well is currently producing, or with respect to a Well that is not currently producing, the last depth or formation at which it produced, or (ii) with respect to the Target Interval as to any Lease (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), Seller's interest (expressed as a percentage or a decimal) in and to the Hydrocarbons produced and saved or sold from or allocated to such Lease with respect to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), in each case of items (i) and (ii), after giving effect to all Royalties.

(ee) "NYSE" means the New York Stock Exchange.

(ff) "Per Share Value" means $35.89, subject to adjustment as provided in Section 2.1(c).

(gg) "Person" means any individual, corporation, partnership, limited liability company, trust, estate, Governmental Authority, or any other entity.

(hh) "Property Costs" means, without duplication, all operating expenses (including costs of insurance (solely to the extent any such insurance costs are premiums that are paid with respect to the period of time between the Effective Date and the Closing Date), rentals, shut-in payments and other similar lease maintenance payments called for by the Leases (solely to the extent any such rentals, shut-in payments or other lease maintenance payments are identified and described in Schedule PC as of the Execution Date), title examination and title curative actions (excluding any title examination and/or curative costs paid or incurred in connection with, or with respect to, any Title Defects asserted pursuant to this Agreement, any special warranty claims made pursuant to the Assignment and Bill of Sale or with respect to curing any breach of any of Seller's representations or warranties), and overhead costs charged by any Third Party operator of any of the Assets pursuant to an applicable joint operating agreement) and capital expenditures (including bonuses, broker fees, and other Lease acquisition costs, costs of drilling and completing wells, and costs of acquiring equipment, in each case, solely to the extent such costs or expense are paid and/or incurred in accordance with Section 6.4), in each case, paid or payable to Third Parties and incurred in the ownership and operation of the Assets in the ordinary course of business, but excluding (without limitation), in each case, any and all liabilities, losses, costs, expenses, and Damages arising out of or otherwise attributable or related to:

(i) claims, investigations, administrative proceedings, arbitration or litigation directly or indirectly arising out of or resulting from actual or claimed personal injury, illness or death; property damage; environmental damage or contamination; other torts; private rights of action given under any Law; or violation of any Law;

(ii) obligations to plug and/or abandon wells, dismantle, decommission or remove facilities or any other Asset;

(iii) obligations to remediate any contamination of groundwater, surface water, soil, sediments, or Equipment or that otherwise affect or relate to any of the Assets;

(iv) title and environmental claims (including claims that Leases have terminated and any Title Defect or Environmental Defect claims asserted pursuant to this Agreement);

(v) obligations to pay working interests, Royalties, and other revenues or proceeds attributable to sale of Hydrocarbons to Third Parties (including any applicable suspense funds and escheat related thereto), as well as claims of improper calculation or payment of same;

(vi) gas balancing and other production balancing obligations;

(vii) any Casualty Loss (including any mitigation, repair, replacement or restoration costs related thereto);

(viii) Taxes (including Asset Taxes);

(ix) obligations with respect to Hedges;

(x) obligations to pay (A) any rentals, shut-in royalties or other similar lease maintenance payments that are not identified and described in Schedule PC as of the Execution Date, (B) any bonuses, broker fees and other Lease acquisition costs, costs of drilling and completing wells and costs of acquiring equipment that are not paid and/or incurred in accordance with Section 6.4 and (C) any transfer or similar fees associated with the assignment of the Assets from Seller to Purchaser pursuant to this Agreement;

(xi) any of the Retained Obligations (except any such Retained Obligation described in Section 11.2(b) that results in an adjustment to the Purchase Price pursuant to Section 2.3 or a turnover obligation pursuant to Section 2.4) or any other matters for which Seller has an indemnity obligation under this Agreement;

(xii) any general and administrative and/or overhead costs that are not charged by Third Parties pursuant to an applicable joint operating agreement; and

(xiii) any claims for indemnification, contribution, or reimbursement from any Third Party with respect to liabilities, losses, costs, expenses and Damages of the type described in preceding clauses (i) through (xii), whether such claims are made pursuant to contract or otherwise.

(ii) "Purchase Price" means the sum of the (i) the Cash Purchase Price and (ii) the product of (A) the Stock Purchase Price multiplied by (B) the Per Share Value.

(jj) "Purchaser Common Stock" means the common stock, par value $0.01 per share, of Purchaser.

(kk) "Purchaser Fundamental Representations" means the representations and warranties of Purchaser set forth in Sections 5.1, 5.2, 5.3, 5.4(a), 5.6, 5.7, 5.17 and 5.19.

(ll) "Purchaser Material Adverse Effect" means any event, condition, change, development, circumstance or set of facts that, individually or in the aggregate with any other such events, conditions, changes, developments, circumstances or sets of facts, has, has had, or would reasonably be expected to have, a material adverse effect on (a) the business, financial condition or results of operations of the Purchaser, or (b) the ability of Purchaser to consummate the Transactions contemplated hereby; provided, however, that the term "Purchaser Material Adverse Effect" shall not include effects (except, in the case of clauses (i) through (vi) and (viii) below, to the extent such effects have a disproportionate materially adverse impact on Purchaser relative to other Persons operating in the same industry and geographic area in which Purchaser operates) resulting from (i) general changes in oil and gas prices; (ii) general changes in economic or political conditions or markets; (iii) changes in condition or developments (including changes in applicable Law) generally applicable to the oil and gas industry; (iv) acts of God, including storms and natural disasters; (v) acts or failures to act of Governmental Authorities (where not caused by the willful or negligent acts of Purchaser or its Affiliates); (vi) the outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war, civil unrest or similar disorder or terrorist acts; (vii) any occurrence, condition, change, event or effect resulting from or relating to the announcement or pendency of the Transactions; (viii) any change in GAAP, or in the interpretation thereof; (ix) any epidemic, pandemic, or widespread disease outbreak (including the COVID-19 virus), or, in each case, any changes, restrictions or additional health or security measures imposed by a Governmental Authority in connection therewith; (x) any occurrence, condition, change, event or effect resulting from compliance by Purchaser with the terms of this Agreement and each other Transaction Agreement, or actions expressly permitted by this Agreement or expressly at or with the written consent of Seller; (xi) any change, in and of itself, in the market price or trading volume of Purchaser Common Stock or any other securities of Purchaser or any of its subsidiaries; and (xii) any legal proceeding brought or threatened by shareholders of Purchaser (whether on behalf of Purchaser or otherwise) asserting allegations of breach of fiduciary duty arising out of or relating to (A) violations of securities Laws in SEC Documents or (B) this Agreement or the Transactions contemplated hereby.

(mm) "Registration Rights Agreement" means the Registration Rights Agreement, substantially in the form attached hereto as Exhibit C, to be executed and delivered by Purchaser and Seller at Closing.

(nn) "Representatives" means, with respect to a Person, such Person's Affiliates and its and their respective directors, officers, partners, investors, members, managers, employees, financing sources, agents and advisors (including attorneys, accountants, consultants, bankers, financial advisors, brokers, and any representatives of those advisors).

(oo) "Royalties" means all royalties, overriding royalties, reversionary interests, net profit interests, production payments, carried interests, non-participating royalty interests, reversionary interests and other royalty burdens and other similar interests payable out of production of Hydrocarbons from or allocated to the Properties or the proceeds thereof to third Persons.

(pp) "Sabalo" means Sabalo Energy, LLC, a Texas limited liability company.

(qq) "Sabalo Deposit" means that certain deposit funded into an escrow account (the "Sabalo Escrow Account") with the Escrow Agent by Purchaser within two (2) Business Days following the Execution Date pursuant to the terms of the Sabalo PSA.

(rr) "Sabalo PSA" means that certain Purchase and Sale Agreement entered into by and among Purchaser, Sabalo and Sabalo Operating, LLC, a Texas limited liability company ("Sabalo Operating" and, together with Sabalo, the "Sabalo Entities"), on the Execution Date (as the same may be amended, modified and/or supplemented from time to time).

(ss) "Sabalo Settlement" means any written agreement (or series of related written agreements) entered into by and between Purchaser on the one hand and Sabalo and/or Sabalo Operating on the other hand following such time as Sabalo had the right (or absent such settlement, would have the right) to terminate the Sabalo PSA and the right to receive a distribution of the Sabalo Deposit in connection therewith pursuant to the terms thereof (without giving effect to any waiver by Sabalo of any such right or any modification of the Sabalo PSA that would have the effect of waiving any such right) pursuant to which (i) the Sabalo PSA is terminated, (ii) Purchaser agrees to pay to any of the Sabalo Entities or the EnCap Entities (as defined in the Sabalo PSA) a "break-up fee" (or similar payment) (with the amount of such payment being referred to herein as the "Sabalo Break-Fee Amount") and (iii) Purchaser, and not Sabalo, becomes entitled to receive a distribution of the Sabalo Deposit (or any remaining portion of the Sabalo Deposit if a portion of the Sabalo Deposit is utilized for purposes of payment of the Sabalo Break-Fee Amount).

(tt) "Sabalo-Shad Transaction Documents" means, collectively, (i) that certain Farmout and Development Agreement by and between Seller and Sabalo dated November 21, 2017 (as amended, modified and/or supplemented from time to time, the "Sabalo Farmout Agreement"), (ii) the tax partnership agreement entered into by and between Sabalo and Seller with respect to the Sabalo Tax Partnership (as amended, modified and/or supplemented from time to time, the "Sabalo TPA") and (iii) all other agreements, documents, instruments and memoranda that were executed, delivered, filed and/or recorded by or on behalf of Sabalo, Shad or any of their respective Affiliates in connection with or with respect to, pursuant to or in connection with the Sabalo Farmout Agreement, the Sabalo TPA and/or any of the transactions contemplated thereby, but excluding, in the case of this clause (iii), (A) any assignments in Seller's chain of title relating to the Sabalo Farmout Agreement and (B) any joint operating agreements entered into in connection with the Sabalo Farmout Agreement that burden the Wells.

(uu) "SEC" means the United States Securities and Exchange Commission.

(vv) "Securities Act" means the United States Securities Act of 1933, as amended.

(ww) "Seller Fundamental Representations" means the representations and warranties of Seller set forth in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(d)(i), 4.9 and 4.10.

(xx) "Seller Material Adverse Effect" means any event, condition, change, development, circumstance or set of facts that, individually or in the aggregate with any other such events, conditions, changes, developments, circumstances or sets of facts, has, has had or would reasonably be expected to have, a material adverse effect on (a) the ownership, operation, or financial condition of the Assets, taken as a whole, or (b) the ability of Seller to consummate the Transactions contemplated hereby; provided, however, that the term "Seller Material Adverse Effect" shall not include effects (except, in the case of clauses (i) through (vi) and (viii) below, to the extent such effects have a disproportionate materially adverse impact on (x) Seller relative to other Persons operating in the same industry and geographic area in which Seller operates or (y) the Assets relative to similar Assets within the same geographic area in which the Assets are located) resulting from (i) general changes in oil and gas prices; (ii) general changes in economic or political conditions or markets; (iii) changes in condition or developments (including changes in applicable Law) generally applicable to the oil and gas industry; (iv) acts of God, including storms and natural disasters; (v) acts or failures to act of Governmental Authorities (where not caused by the willful or negligent acts of Seller or its Affiliates); (vi) the outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war, civil unrest or similar disorder or terrorist acts; (vii) any occurrence, condition, change, event or effect resulting from or relating to the announcement or pendency of the Transactions; (viii) any change in GAAP, or in the interpretation thereof; (ix) any epidemic, pandemic, or widespread disease outbreak (including the COVID-19 virus), or, in each case, any changes, restrictions or additional health or security measures imposed by a Governmental Authority in connection therewith and (x) any occurrence, condition, change, event or effect resulting from compliance by Seller with the terms of this Agreement and each other Transaction Agreement, or actions expressly permitted by this Agreement or expressly at or with the written consent of Purchaser.

(yy) "Seller Taxes" means any and all (i) Income Taxes imposed by any applicable Laws on Seller or any of its Affiliates or any affiliated, combined, consolidated, unitary or similar group with respect to Taxes of which any of the foregoing is or was a member, (ii) Asset Taxes allocable to Seller pursuant to Section 9.1 (taking into account, and without duplication of, such Asset Taxes effectively borne by Seller (A) as a result of the adjustments to the Purchase Price pursuant to Section 2.3 or (B) in connection with the provisions of Section 11.4, as applicable), (iii) Taxes imposed on or with respect to the ownership or operation of the Excluded Assets, and (iv) other Taxes imposed on or with respect to the acquisition, ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom for a Tax period (or portion thereof) ending before the Effective Date.

(zz) "Straddle Period" means any tax period beginning before and ending on or after the Effective Date.

(aaa) "Target Interval" means the stratigraphic interval between the Top of the Lower Spraberry and the Base of the Wolfcamp A.

(bbb) "Tax" or "Taxes" means all federal, state, local and foreign income, profits, franchise, sales, use, ad valorem, property, severance, production, conservation, excise, stamp, documentary, real property transfer or gain, gross receipts, goods and services, registration, capital, transfer or withholding taxes or other governmental fees or charges in the nature of a tax imposed by any taxing authority, including any interest, penalties or additional amounts imposed with respect thereto, and any liability in respect of the foregoing arising by reason of a contract, assumption, transferee or successor liability, operation of law (including by reason of being a member of a consolidated, combined or unitary group) or otherwise.

(ccc) "Tax Proceeding" has the meaning provided in Section 9.7.

(ddd) "Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

(eee) "Third Party" means any Person other than Seller and Purchaser and their respective Affiliates.

(fff) "Title Matters" means (a) the terms of Article 3, (b) the special warranty of Defensible Title in the Assignment and Bill of Sale, (c) Seller's representations and warranties in Sections 4.2, 4.7, 4.8, 4.11(a), 4.11(e), 4.12, 4.13, 4.17, 4.20(b), and 4.21, (d) Seller's covenants and agreements pursuant to Section 6.4, (e) the Retained Obligations described in Sections 11.2(g) and 11.2(i) and (f) Seller's liability and indemnification obligations with respect to (including, for purposes of clarity, Purchaser's right to indemnification pursuant to Article 11 with respect to) any (A) breach or inaccuracy, as applicable, of any such representations and warranties, covenants or agreements or (B) the Retained Obligations described in Sections 11.2(g) and 11.2(i) (including, for purposes of clarity, any and all Damages caused by, arising out of, resulting from or related to any of the foregoing matters described in this definition).

(ggg) "Top of the Lower Spraberry" means the stratigraphic equivalent of 6,960 feet measured depth as recorded in the Howard Co SELF Type Log run in the Sabalo Operating LLC Texas Pacific #1 Boyles well (API 42-227-03652) located 660' FNL & 620' FEL of Section 15, BLK 32, 2 or at coordinates X= 772910 Y= 308919 in Howard County, Texas.

(hhh) "Transaction Agreements" means this Agreement and each other agreement or instrument to be executed and delivered pursuant hereto at the Closing.

(iii) "Transactions" means the transactions contemplated by this Agreement and the other Transaction Agreements.

(jjj) "Transfer Taxes" means any excise, sales, purchase, transfer, stamp, documentary, filing, registration, use or other similar Taxes or fees, and costs or expenses of preparing and filing any related Tax Returns, incurred as a result of or with respect to the sale of the Assets pursuant to this Agreement.

(kkk) "Treasury Regulations" means the regulations promulgated under the Code by the United States Department of the Treasury, whether in proposed, temporary or final form.

(lll) "Unadjusted Purchase Price" means the sum of the (i) the Unadjusted Cash Purchase Price and (ii) the product of (A) the Stock Purchase Price multiplied by (B) the Per Share Value.

(mmm) "Unapproved Exception" means, with respect to any Lease as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease), Well or other applicable Asset, as applicable, any fact(s), circumstance(s), or other matter(s) that, individually or in the aggregate, (i) operate to reduce Seller's Net Revenue Interest for any Lease or Well to an amount below the Net Revenue Interest set forth in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well, (ii) operate to increase Seller's Working Interest for any Lease or Well to an amount greater than the Working Interest set forth in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well (in each case, except to the extent the Net Revenue Interest for such Lease or Well is greater than the Net Revenue Interest set forth Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well in the same or greater proportion as the cumulative increase in Seller's Working Interest therefor), (iii) [reserved] or (iv) impair, or would reasonably be expected to impair, in any material respect, the ownership, operation, and/or use of the affected Asset(s) subject thereto or affected thereby as currently owned, operated and/or used by Seller or any of its Affiliates or as would otherwise be owned, operated and/or used by a reasonably prudent owner and/or operator of assets similar to such Asset(s) and located in the same geographic area as such Asset(s), as applicable.

(nnn) "Working Interest" means, with respect to any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, the interest (expressed as a percentage or a decimal) that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations for, on or in connection with such Lease (solely with respect to the Target Interval and expect as otherwise expressly set forth in Exhibit A-1 with respect to such Lease), or Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced), in each case, without regard to the effect of any Royalties.

1.3 **Excluded Assets**. Notwithstanding anything to the contrary in Section 1.2 or elsewhere in this Agreement, the "Assets" shall not include any rights with respect to the Excluded Assets. "Excluded Assets" means the following:

(a) the Excluded Records;

(b) any interpretations of Seller made with respect to any G&G Data, as well as copies of the Records retained by Seller pursuant to Section 12.5, including, for the avoidance of doubt, copies of all geological, geophysical and similar data and studies other than any such data and/or studies constituting or included in the G&G Data

(c) Assets excluded from this Agreement pursuant to Sections 3.4(a), 3.7(d), 3.12 or 3.13;

(d) subject to Section 11.5, all contracts of insurance and all claims, rights and interests of Seller or any Affiliate of Seller (i) under any policy or agreement of insurance or indemnity agreement, (ii) under any bond or security instrument, or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events, or damage to or destruction of an Asset prior to the Effective Date and to the extent not related to any of the Assumed Obligations;

(e) all of Seller's proprietary computer software, patents, trade secrets, copyrights, logos, trademarks, trade names, and other intellectual property;

(f) Seller's interests in offices, office leases and buildings;

(g) any leased equipment and other leased personal property of Seller if such equipment or property, or the Contract pursuant to which it was leased, is not freely transferrable without payment of a fee or other consideration, unless Purchaser has agreed in writing to pay such fee or consideration;

(h) except to the extent described in sub-clause (ix) of the definition of "Assets" or otherwise related to any Assumed Obligation, all indemnity and contribution rights, rights under any Contracts and all other rights and claims of Seller or any Affiliate of Seller against any third Person to the extent related or attributable to, periods on or prior to the Effective Date (including claims for adjustments or refunds with respect to amounts paid or incurred by Seller) or for which Seller is liable for payments or required to indemnify Purchaser under Article 11 (whether or not such claims are pending or threatened as of the Execution Date or the Closing Date);

(i) except to the extent described in sub-clause (ix) of the definition of "Assets" or otherwise related to any Assumed Obligation, all audit rights, and rights to reimbursement with respect to, all costs and revenues associated with joint interest audits and other audits of Property Costs covering periods for which Seller is in whole or in part responsible for the Assets, which adjustments arising from such audits are paid or received prior to the Cut-Off Date; provided, however, that such audit rights and rights to reimbursement shall be deemed to be included within the Assets for all purposes from and after the Cut-Off Date (unless any applicable joint interest audit is initiated by a Third Party prior to the Cut-Off Date, in which case such audit rights (solely with respect to the subject matter of any such joint interest audit) shall not terminate on the Cut-Off Date and shall continue until reasonably resolved);

(j) any refunds, claims for refunds or rights to receive refunds from any Governmental Authority with respect to Taxes that are Seller Taxes (solely to the extent such Seller Taxes are actually paid or economically borne by Seller);

(k) refunds relating to the overpayment of royalties by or on behalf of Seller to any Governmental Authority, to the extent relating to royalties paid with respect to Hydrocarbon production prior to the Effective Date, whether received before, on, or after the Effective Date; provided, however, that such refunds shall be deemed to be included within the Assets for all purposes from and after the Cut-Off Date;

(l) all office equipment, computers, cell phones, pagers and other hardware, personal property, and equipment that relate primarily to Seller's business generally, even if otherwise relating to the business conducted by Seller with respect to the Assets;

(m) subject to Section 2.4 and except as otherwise related to any Assumed Obligation, all trade credits, accounts receivable, take-or-pay amounts receivable, and other receivables and general intangibles, to the extent attributable to the Assets for periods of time prior to the Effective Date;

(n) whether or not relating to the Assets, any master service agreements, drilling contracts, or similar service contracts;

(o) Seller's vehicles;

(p) solely to the extent the closing of the transactions contemplated by the Sabalo PSA occur contemporaneously with the Closing hereunder, the Sabalo-Shad Transaction Documents; and

(q) any other assets, contracts or rights which are specifically identified or described on Schedule 1.3.

ARTICLE 2
PURCHASE PRICE

2.1 Purchase Price.

(a) Subject to the terms and conditions set forth in this Agreement, the total purchase price to be paid for the Assets shall consist of (i) cash in the amount of Sixty-Nine Million Nine Hundred Eighty-Nine Thousand Five Hundred Thirty-Nine and NO/100 Dollars ($69,989,539.00) (such amount of cash, the "Unadjusted Cash Purchase Price"), adjusted as provided in Section 2.3 (the Unadjusted Cash Purchase Price as so adjusted pursuant to Section 2.3, the "Cash Purchase Price"), and (ii) Two Hundred Eighty-One Thousand Thirty-Four (281,034) shares of Purchaser Common Stock (such number of shares of Purchaser Common Stock, as adjusted pursuant to Section 2.1(c) if applicable, the "Stock Purchase Price").

(b) Not later than two (2) Business Days following the Execution Date, Purchaser will deliver or cause to be delivered to an account (the "Deposit Escrow Account") at ZIONS BANCORPORATION, NATIONAL ASSOCIATION DBA AMEGY BANK (the "Escrow Agent"), a wire transfer in the amount equal to ten percent (10%) of the Unadjusted Purchase Price in same-day funds (such amount, the "Deposit") to be held, invested, and disbursed in accordance with the terms of this Agreement and an escrow agreement dated as of the Execution Date among Seller, Purchaser, and Escrow Agent (the "Deposit Escrow Agreement").

(c) If, at any time on or after the Execution Date and prior to the Closing Date, (i) Purchaser effects any (1) dividend on shares of Purchaser Common Stock in the form additional shares of Purchaser Common Stock, (2) subdivision or split of any shares of Purchaser Common Stock, (3) combination or reclassification of shares of Purchaser Common Stock into a smaller number of shares of Purchaser Common Stock or (4) issuance of any securities by reclassification of shares of Purchaser Common Stock (including any reclassification in connection with a merger, consolidation or business combination in which Purchaser is the surviving Person) or (ii) any merger, consolidation, combination or other transaction is consummated pursuant to which shares of Purchaser Common Stock are converted to cash or other securities (any event described in the foregoing clauses (i) and (ii), a "Reclassification Event"), then the Stock Purchase Price and the Per Share Value shall be proportionately adjusted, including, for the avoidance of doubt, in the cases of clauses (i)(4) and (ii) to provide for the receipt by Seller, in lieu of any shares of Purchaser Common Stock constituting the Stock Purchase Price, the same number or amount of cash and/or securities as is received in exchange for each share of Purchaser Common Stock in connection with any such transaction described in clauses (i)(4) and (ii) of this Section 2.1(c).

2.2 Allocated Values. Schedule 2.2 sets forth the agreed allocation of the Unadjusted Purchase Price among the Assets. The "Allocated Value" for any Property equals the portion of the Unadjusted Purchase Price that is allocated to such Property on Schedule 2.2. Seller has accepted such Allocated Values for purposes of this Agreement and the transactions contemplated hereby, but otherwise makes no representation or warranty as to the accuracy of such values.

2.3 Adjustments to Cash Purchase Price. The Unadjusted Cash Purchase Price shall be adjusted as follows (without duplication), but (x) in the case of Sections 2.3(c), 2.3(d) and 2.3(e), only to the extent identified on or before the Cut-Off Date; and (y) in the case of Section 2.3(f), only to the extent paid or received, as applicable, on or before the Cut-Off Date:

(a) decreased in accordance with Section 3.8;

(b) decreased as a consequence of Assets (or any portions thereof) excluded from the transactions contemplated by this Agreement as set forth in Sections 3.4(a), 3.7(d), 3.12 or 3.13;

(c) with respect to production, pipeline, storage, processing, or other imbalances or overlifts, (i) decreased (for amounts owed by Seller or any of its Affiliates to any third Person as of the Effective Date) or (ii) increased (for amounts owed by any third Person to Seller or any of its Affiliates as of the Effective Date), as applicable, (A) in the case of gaseous Hydrocarbons, on the basis of $2.78 per MMBtu, multiplied by the amount of imbalance in MMBtu, (B) in the case of liquid Hydrocarbons (other than NGLs), on the basis of $61.45 per barrel, multiplied by the amount of the imbalance in barrels, (C) in the case of NGLs, on the basis of $27.47 per barrel, multiplied by the amount of the imbalance in barrels (in each case of sub-clauses (i) and (ii) hereof, net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid or that would be payable in connection with sales of oil, gas, or other Hydrocarbons); or (D) by an amount agreed to in writing by the Parties;

(d) increased by the aggregate amount of Seller's share of any merchantable Hydrocarbon inventories produced from or credited to the Properties in storage tanks included in the Assets upstream of delivery points to the relevant purchasers on the Effective Date and based on the quantities in such storage tanks as of the Effective Date (solely to the extent such Hydrocarbon inventories are not sold prior to the Closing Date), multiplied by the Contract price therefor, or, if there is no applicable Contract, (A) in the case of gaseous Hydrocarbons, multiplied by $2.78 per MMBtu, (B) in the case of liquid Hydrocarbons (other than NGLs), multiplied by $61.45 per barrel or (C) in the case of NGLs, on the basis of $27.47 per barrel (in each case, net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid or that would be payable in connection with sales of oil, gas, or other Hydrocarbons);

(e) increased by the net amount of all prepaid expenses attributable to periods from and after the Effective Date (including prepaid insurance costs (solely to the extent attributable to the period between the Effective Date and Closing only), bonuses; rentals; and cash calls to Third Party operators) which have been paid or economically borne by Seller or its Affiliates (solely if, and to the extent, any of the foregoing constitute Property Costs hereunder);

(f) without limiting either Party's rights to indemnification under Article 11, adjusted for proceeds, revenues and other income attributable to the Assets, Property Costs, and certain other costs attributable to the Assets as follows:

(i) decreased by an amount equal to the aggregate amount of the following proceeds and/or revenues received by Seller or any of its Affiliates:

(A) amounts earned from the sale, during the period from and including the Effective Date through but excluding the Cut-Off Date (the "Adjustment Period"), of Hydrocarbons produced from, or attributable or allocable to, the Properties (net of any (x) Royalties; (y) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid by or behalf of Seller in connection with sales of oil, gas, or other Hydrocarbons that are not included as Property Costs under Section 2.3(f)(ii); and (z) Property Costs that are otherwise paid or economically borne by Seller in connection with earning or receiving any such proceeds, and excluding the effects of any Hedges); and

(B) other income earned with respect to the Assets during the Adjustment Period (excluding the effects of any Hedges);

(ii) increased by an amount equal to the amount of all Property Costs which are incurred by Seller in the ownership of the Assets from and after the Effective Date but paid to Third Parties or that are otherwise economically borne by or on behalf of Seller or any of its Affiliates on or prior to the Cut-Off Date, except, in each case, any costs already deducted in the determination of proceeds in Section 2.3(f)(i);

(g) increased by the amount of Asset Taxes allocated to Purchaser pursuant to Section 9.1 but paid or otherwise economically borne by Seller (or any of its Affiliates); and

(h) decreased by the amount of Asset Taxes allocated to Seller pursuant to Section 9.1 but paid or otherwise economically borne by Purchaser (or any of its Affiliates).

2.4 Certain Ordinary-Course Costs and Revenues.

(a) With respect to revenues earned or Property Costs incurred with respect to the Assets prior to the Effective Date but received or paid, as applicable, after the Effective Date:

(i) Subject to the terms of this Section 2.4, Seller shall be entitled to all amounts earned from the sale, during the period up to but excluding the Effective Date, of Hydrocarbons produced from, or attributable or allocable to, the Properties, which amounts are received after Closing but prior to the Cut-Off Date (net of any (A) gathering, processing, compression, transportation, marketing and other similar costs and expenses paid in connection with sales of Hydrocarbons that are not included as Property Costs under Section 2.4(a)(ii)); and (B) Property Costs that are deducted by the purchaser of production, and to all other income earned with respect to the Assets up to but excluding the Effective Date and received after Closing but on or before the Cut-Off Date.

(ii) Seller shall be responsible for (by payment, through the adjustments to the Purchase Price under this Agreement or otherwise), and entitled to any refunds and indemnities with respect to, all Property Costs incurred prior to the Effective Date; provided, however, that Seller's responsibility for and entitlements to, as applicable, the foregoing shall terminate on the Cut-Off Date.

(b) Purchaser shall be entitled to all amounts earned from the sale, during the period from and after the Effective Date, of Hydrocarbons produced from, or attributable or allocable to, the Properties, and to all other income earned with respect to the Assets from and after the Effective Date, and shall be responsible for (and entitled to any refunds and indemnities with respect to) all Property Costs incurred from and after the Effective Date.

(c) Notwithstanding anything herein to the contrary, without duplication of any adjustments made pursuant to Section 2.3, should Purchaser or any Affiliate of Purchaser receive after Closing, but on or before the Cut-Off Date, any proceeds or other income to which Seller is entitled under Section 2.4(a), Purchaser shall fully disclose, account for, and promptly remit the same to Seller.

(d) Notwithstanding anything herein to the contrary, without duplication of any adjustments made pursuant to Section 2.3, should Purchaser or any Affiliate of Purchaser pay after Closing, but on or before the Cut-Off Date, any Property Costs for which Seller is responsible under Section 2.4(a), Purchaser shall be reimbursed by Seller as promptly as reasonably practicable after receipt of an invoice therefor (regardless of whether such invoice is delivered to Seller before, on or after the Cut-Off Date), accompanied by copies of the relevant vendor or other invoice and proof of payment thereof.

(e) Notwithstanding anything herein to the contrary, without duplication of any adjustments made pursuant to this Article 2, should Seller or any Affiliate of Seller receive after Closing any amounts earned from the sale of Hydrocarbons produced from, or attributable or allocable to, the Properties or other income earned with respect to the Assets for the period of time from and after the Effective Date, Seller shall fully disclose, account for, and promptly remit the same to Purchaser.

(f) Notwithstanding anything herein to the contrary Seller shall have no further entitlement to amounts earned from the sale of Hydrocarbons produced from, or attributable or allocable to, the Properties and other income earned with respect to the Assets, and no further responsibility for Property Costs incurred with respect to the Assets, to the extent (i) an invoice for such amounts has not been received or paid by Purchaser, Seller or any of their respective Affiliates and (ii) a claim for such amounts has not been made, in each case, respectively, on or before the Cut-Off Date.

(g) All adjustments and payments made pursuant to this Article 2 shall be without duplication of any other amounts paid or received under this Agreement.

2.5 Procedures.

(a) For purposes of allocating production (and accounts receivable with respect thereto) under Section 2.3 and Section 2.4, (i) liquid Hydrocarbons shall be deemed to be "from or attributable to" the Properties when they pass through the pipeline flange connecting into the tank batteries related to each Well or, if there are not storage facilities, when they pass through the LACT meter or similar meter at the entry point into the pipelines through which they are transported from such Well, and (ii) gaseous Hydrocarbons shall be deemed to be "from or attributable to" the Properties when they pass through the delivery point sales meters or similar meters at the point of entry into the pipelines through which they are transported. Seller shall use reasonable interpolative procedures to arrive at an allocation of production when exact meter readings or gauging or strapping data are not available.

(b) Surface use or damage fees, insurance premiums (and refunds thereof), and other Property Costs (other than with respect to Asset Taxes, which shall be determined in accordance with Section 9.1) that are paid periodically shall be prorated based on the number of days in the applicable period falling before, or on or after, the Effective Date, but, notwithstanding anything to the contrary in this Agreement, prepaid insurance premiums that constitute Property Costs shall only be Purchaser's responsibility to the extent attributable to the period of time between the Effective Date and the Closing Date.

(c) After Closing, Purchaser shall handle all joint interest audits and other audits of Property Costs covering periods for which Seller is in whole or in part responsible under Section 2.4, provided that, prior to the Cut-Off Date, Purchaser shall not agree to any adjustments to previously assessed costs for which Seller is liable, or any compromise of any audit claims to which Seller would be entitled, without the prior written consent of Seller, such consent not to be unreasonably withheld, conditioned or delayed (and which shall be deemed granted if not affirmatively withheld within five (5) Business Days following receipt of Purchaser's request therefor). Purchaser shall provide Seller with a copy of all applicable audit reports and written audit agreements received by Purchaser and relating to periods for which Seller is partially responsible.

(d) "Earned" and "incurred," as used in Section 2.4 and Section 2.3, shall be interpreted in accordance with accounting recognition guidance under GAAP.

2.6 **Withholding**. Purchaser shall be entitled to deduct and withhold from any consideration otherwise payable or deliverable to Seller such amounts as may be required to be deducted or withheld therefrom under the Code, under any Tax Law, or pursuant to any other applicable Law; provided, that, other than with respect to withholding Taxes owed as a result of the failure of Seller to timely deliver the forms described in Section 8.2(d), Purchaser will use commercially reasonable efforts to (a) notify Seller of any anticipated withholding no later than five (5) Business Days prior to the day on which the applicable consideration is payable or deliverable to, as applicable, Seller, (b) consult with Seller in good faith to determine whether such deduction and withholding is required under applicable Tax Law and (c) reasonably cooperate with Seller to minimize the amount of any applicable withholding. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes as having been paid to Seller.

ARTICLE 3
TITLE AND ENVIRONMENTAL MATTERS

3.1 **Purchaser's Title Review**.

(a) From and after the Execution Date, and pursuant and subject to the terms of Sections 6.1 and 6.5, Purchaser shall have the right to conduct a review of Seller's title to the Assets. The Title Matters and the condition to Closing set forth in Section 7.1(d) (together with any rights and remedies of Purchaser set forth in this Agreement with respect to such condition) provide Purchaser's exclusive remedies with respect to any Title Defects or other deficiencies or defects in Seller's title to the Properties.

(b) Purchaser's rights with respect to title to the Properties pursuant to this Article 3 are limited to the Properties, and, except with respect to, and without limitation of the Title Matters, Seller hereby expressly disclaims and negates any and all other warranties of title whatsoever, whether express, implied, statutory, or otherwise.

(c) The Assignment and Bill of Sale to be executed and delivered by the Parties at Closing (the "Assignment and Bill of Sale") shall be in the form attached hereto as Exhibit B, and shall contain a special warranty of Defensible Title to the Properties by, through or under Seller and its Affiliates, but not otherwise, subject to the Permitted Encumbrances. Purchaser shall be deemed to have waived all breaches of Seller's special warranty of Defensible Title set forth in the Assignment and Bill of Sale for which Purchaser has not furnished to Seller a valid defect claim notice that substantially satisfies the requirements set forth in Sections 3.6(a)(i) through 3.6(a)(v) on or before the date that is thirty-six (36) months after Closing. Purchaser shall not be entitled to protection under Seller's special warranty of Defensible Title in the Assignment and Bill of Sale against any Title Defect reported by Purchaser to Seller in a Title Defect Claim Notice delivered by Purchaser pursuant to Section 3.6(a) prior to the Defect Claim Date. If Purchaser provides written notice of a breach of the special warranty of Defensible Title set forth in any Assignment and Bill of Sale to Seller, Seller shall have a reasonable opportunity to cure such breach (at Seller's sole cost and expense) for a period not to exceed ninety (90) days following Seller's receipt of such notice. In any event, the recovery on a breach of Seller's special warranty of Defensible Title under the Assignment and Bill of Sale (excluding any recovery attributable to such breaches that result from security interests, deeds of trust, mortgages, pledges or similar interests granted by Seller) shall not exceed the Allocated Value of the affected Asset.

3.2 Definition of Defensible Title.

(a) As used in this Agreement, the term "Defensible Title" means that record title (including title evidenced by unrecorded written instruments that are awaiting recording with the applicable Governmental Authority if (x) such unrecorded written instruments are identified on Schedule 3.2(a) as of the Execution Date, (y) each Property that is affected by or related to each such unrecorded written instrument is identified on Schedule 3.2(a) as of the Execution Date and (z) Seller has made available to Purchaser reasonable evidence of the proper filing of each such unrecorded written instrument for recording with the applicable Governmental Authority) or beneficial title (solely in the case of contractual interests held pursuant to any applicable joint operating agreement, unit agreement or similar agreement) of Seller in and to the Leases (with respect to the Target Interval unless otherwise expressly set forth on Exhibit A-1 with respect to a particular Lease) and Wells (with respect to those formations in which a particular Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) shown on Exhibit A-1 or Exhibit A-2, as applicable, which, as of the Effective Date, the Defect Claim Date and the Closing Date, and subject to and except for Permitted Encumbrances:

(i) with respect to each Well set forth on Exhibit A-2, entitles Seller to not less than the Net Revenue Interest set forth in Exhibit A-2 for such Well throughout the productive life thereof, except (A) decreases in connection with those operations in which Seller may elect after the Execution Date to be a non-consenting co-owner (if, and solely to the extent, such election is otherwise permissible under the terms of the Agreement), (B) decreases resulting from reversion of interests to co-owners with respect to operations in which such co-owners elect, after the Execution Date, not to consent, (C) decreases resulting from the establishment or amendment, after the Execution Date, of pools or units (if, and solely to the extent, such establishment or amendment thereof is otherwise permissible under the terms of this Agreement), (D) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries, and (E) as otherwise expressly stated in Exhibit A-2;

(ii) with respect to each Well set forth on Exhibit A-2, obligates Seller to bear a Working Interest for such Well that is not greater than the Working Interest set forth in Exhibit A-2 for such Well without increase throughout the productive life of such Well, except (A) increases resulting from contribution requirements with respect to defaulting or non-consenting co-owners under applicable operating agreements or applicable Law, (B) increases that are accompanied by at least a proportionate increase in Seller's (or its successor's or assign's) Net Revenue Interest for such Well, and (C) as otherwise expressly stated in Exhibit A-2 with respect to such Well;

(iii) [reserved]; and

(iv) is free and clear of any and all other liens, charges, encumbrances, obligations, and defects of any kind, other than Permitted Encumbrances.

(b) As used in this Agreement, the term "Title Defect" means any lien, charge, encumbrance, obligation, defect or other matter, including a discrepancy in Net Revenue Interest or Working Interest, that causes or results in Seller's title to any Lease or Well identified or described on Exhibit A-1 or Exhibit A-2, as applicable, to be less than Defensible Title. As used in this Agreement, the term "Title Benefit" means any right, circumstance, or condition that operates to (i) increase the Net Revenue Interest of Seller as of the Effective Date, Defect Claim Date and Closing Date in any Lease (solely as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) above that shown for such Lease or Well on Exhibit A-1 or Exhibit A-2, as applicable, (ii) [reserved], or (iii) decrease the Working Interest of Seller as of the Effective Date, Defect Claim Date and Closing Date in any Well (solely with respect to those formations in which such Well is currently producing, or if such Well is not currently producing, the last depth or formation from which it produced) below that shown for such Well on Exhibit A-2 (unless such decrease is accompanied by at least a proportionate decrease in Seller's (or its successor's or assign's) Net Revenue Interest for such Well).

3.3 Definition of Permitted Encumbrances. As used in this Agreement, the term "Permitted Encumbrances" means any or all of the following:

(a) all Royalties to the extent that they do not, and would not be reasonably likely to, individually or in the aggregate, reduce Seller's Net Revenue Interest ownership in any Property below that shown in Exhibit A-1 or Exhibit A-2, as applicable, for such Property or increase Seller's Working Interest in any Property above that shown in Exhibit A-2 for such Property without a corresponding increase in the Net Revenue Interest thereof;

(b) the terms of all Leases to the extent that the same do not, individually or in the aggregate, result in or constitute an Unapproved Exception;

(c) the terms of all Material Contracts and Rights of Way including provisions for obligations, penalties, suspensions, or forfeitures contained therein, in each case, so long as the same do not, individually or in the aggregate, result in or constitute an Unapproved Exception;

(d) rights of first refusal, preferential rights to purchase, and similar rights with respect to the Assets that are (i) set forth on Schedule 4.8(a) as of the Execution Date and (ii) are triggered by the Transactions;

(e) all third Person consent requirements and similar restrictions (i) that are not applicable to the Transactions, (ii) that are Material Consents that are set forth on Schedule 4.8(b) as of the Execution Date, if such consents are obtained from the appropriate Persons prior to the Closing Date, (iii) for which the appropriate time period for asserting the right to withhold or condition such consent has expired in accordance with its terms (unless (x) a dispute is pending or threatened with respect to or related to such consent or (y) such consent has been affirmatively withheld or refused by the holder thereof), (iv) that need not be satisfied prior to or in connection with a transfer of such Asset, (v) which are not Material Consents, but which are properly and timely addressed by Seller in accordance with Sections 3.11 and 3.12; or (vi) that relate solely and exclusively to Excluded Records or any other Excluded Assets;

(f) liens for Taxes (i) not yet due and payable or (ii) if due and payable, that are being contested in good faith by appropriate actions (which actions are described and set forth on Schedule 3.3 as of the Execution Date);

(g) liens created under the terms of the Leases, Contracts or Rights of Way that, in each case, are for amounts (i) not yet delinquent (including any amounts being withheld as provided by Law), or (ii) if delinquent, being contested in good faith by appropriate actions by or on behalf of Seller (which actions are described and set forth on Schedule 3.3 as of the Execution Date);

(h) materialman's, warehouseman's, workman's, carrier's, mechanic's, vendor's, repairman's, employee's, contractor's, operator's liens, construction liens and other similar liens arising in the ordinary course of business for amounts (i) not yet delinquent (including any amounts being withheld as provided by Law), or (ii) if delinquent, being contested in good faith by appropriate actions by or on behalf of Seller (which actions are described and set forth on Schedule 3.3 as of the Execution Date);

(i) all rights to consent, and any required notices to, filings with, or other actions by Governmental Authorities in connection with the sale or conveyance of oil and gas leases or rights or interests therein if they are customarily obtained subsequent to the sale or conveyance of such leases, rights or interests;

(j) conventional rights of reassignment arising upon the expiration or final intention to abandon or release any of the Assets;

(k) easements, rights-of-way, covenants, servitudes, permits, surface leases, conditions, restrictions, and other rights included in or burdening the Assets for the purpose of surface or subsurface operations, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines, power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs, and other like purposes, or for the joint or common use of real estate, rights-of-way, facilities, and equipment, in each case, to the extent they do, individually or in the aggregate, not materially interfere with the use, ownership and/or operation of any of the Assets subject thereto or affected thereby (as currently used, owned and/or operated as of the Execution Date) or as would otherwise be used, owned and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Assets and located in the same geographic area as such Asset(s);

(l) rights of a common owner of any interest in Rights of Way held by Seller, to the extent that the same do not materially interfere with the use, ownership and/or operation of any of the Assets (as currently used, owned and/or operated as of the Execution Date or as would otherwise be used, owned and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Assets and located in the same geographic area as such Asset(s));

(m) any lien, charge, or other encumbrance which is expressly waived or assumed by Purchaser in writing or discharged by Seller, or otherwise released, in each case, at or prior to Closing;

(n) defects based solely on the failure to recite marital status in a document or omissions of successors or heirship or estate proceedings, absent reasonable evidence that such failure or omission has resulted in, or would reasonably be expected to result in, a superior claim of title from a third Person attributable to such matter;

(o) lack of a survey, unless a survey is required by Law;

(p) any defect based on a failure to conduct operations, cessation of production or insufficient production over any period of time following the drilling and completion of a well capable of producing in paying quantities on any Lease that is identified on Exhibit A-1 as being held by production (or on any lands pooled or unitized therewith), except to the extent Purchaser provides reasonable evidence that such cessation of production, insufficient production or failure to conduct operations has (i) given the applicable lessor or any other third Person the right to terminate (or partially terminate) all or a portion of the applicable Lease or (ii) resulted in the expiration or termination (or partial expiration or termination) of the applicable Lease pursuant to its terms;

(q) all applicable Laws and rights reserved to or vested in any Governmental Authorities (i) to control or regulate any of the Assets in any manner, (ii) to assess Tax with respect to the Assets, the ownership, use or operation thereof, or revenue, income or capital gains with respect thereto, (iii) by the terms of any right, power, franchise, grant, license or permit, or by any provision of Law, to terminate such right, power, franchise grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the Assets, (iv) to use any Asset in a manner which does not materially interfere with or impair the use, ownership and/or operation of such Asset for the purposes for which it is currently used, owned and operated as of the Execution Date or as such Asset would otherwise be used, owned and/or operated by a reasonably prudent owner and/or operator of oil and gas assets similar to such Asset and located in the same geographic area as such Asset(s), or (v) to enforce any obligations or duties affecting the Assets to any Governmental Authority, with respect to any franchise, grant, license or permit;

(r) defects based solely on assertions that Seller's, Seller's Representatives' or the applicable operator's files lack any information (including title opinions), or defects based solely on the inability to locate an unrecorded instrument of which Purchaser has actual notice by virtue of a reference to such unrecorded instrument in any instrument provided or made available to Purchaser by Seller, if no claim has been made under such unrecorded instruments within the last ten (10) years;

(s) defects based solely on a lack of evidence of the proper authorization, execution, delivery, acknowledgment, or approval of any instrument in Seller's chain of title absent reasonable evidence that such matter has resulted in, or would be reasonably expected to result in, a superior claim of title from a third Person attributable to such matter;

(t) any matter that has been cured, released or waived by any applicable Law of limitation or prescription, including adverse possession and/or the doctrine of laches which has existed for more than twenty-five (25) years and for which no reasonable evidence shows that another Person has asserted, or would reasonably be expected to assert, a superior claim of title to the applicable Assets;

(u) unreleased instruments (including prior oil and gas leases and mortgages) that have expired and terminated by their own terms or the enforcement of which is barred by applicable statutes of limitation, in each case, absent reasonable evidence that such instruments (i) continue in force and effect or (ii) give rise to, or would reasonably be expected to give rise to, a third Person's superior claim of title to the applicable Asset(s);

(v) any depth severances with respect to any Lease that do not (i) affect the Target Interval (except to the extent any such depth severance is otherwise specifically set forth and identified on Exhibit A-1 with respect to the applicable Lease) and/or (ii) individually or in the aggregate, result in or constitute an Unapproved Exception;

(w) calls on Hydrocarbon production under existing Material Contracts, provided that the holder of such right must pay an index-based price for any Hydrocarbon production purchased by virtue of such call on production;

(x) maintenance of uniform interest provisions (i) contained in any Contract to the extent (A) compliance with such provisions has been waived in writing by the parties to such Contract, or (B) Purchaser is able to confirm (through review of the Records and communications with, and cooperation from, Seller) that such maintenance of uniform interest provisions have been previously violated without the transferring party obtaining waivers, or without a non-transferring party under such Contract having filed a lawsuit or having asserted a claim for breach of such Contract, or (ii) contained in any Lease to the extent the applicable lessor has waived compliance with such provisions in writing or breach of such provisions will not result in a suspension of material rights under such Lease, the right of the lessor to terminate such Lease or the termination of such Lease;

(y) defects arising solely from a change in applicable Laws after the Execution Date;

(z) production payments that have expired and terminated by their own terms or the enforcement of which is barred by applicable statutes of limitation, in each case, absent reasonable evidence that such instruments (i) continue in force and effect or (ii) give rise to, or would reasonably be expected to give rise to, a third Person's superior claim of title to the applicable Asset(s);

(aa) defects based on or arising out of the allocation of production of Hydrocarbons or from the failure of Seller to enter into, be party to, or be bound by, pooling provisions, a pooling agreement, production sharing agreement, production handling agreement, or other similar agreement, in each case, with respect to any horizontal Well contained in one or more Units and that crosses more than one Lease or tract, to the extent (i) such Well has been permitted by the Railroad Commission of Texas or other applicable Governmental Authority, (ii) the allocation of Hydrocarbons produced from or allocated to such Well among such Lease(s) or tract(s) is based upon the length of the "as drilled" horizontal wellbore open for production, the total length of the horizontal wellbore, or other methodology that is intended to reasonably attribute to each such Lease or tract its applicable proportionate share of production and (iii) none of Seller or any of its Affiliates has received written notice from any Person alleging or asserting an adverse claim or demand of any kind that is based upon or related to any of the foregoing matters;

(bb) any lien, obligation, burden, or defect that affects only which Person (other than Seller of any of its Affiliates) has the right to receive payments with respect to Royalties with respect to any Property (rather than the amount of such Royalties on the applicable Property) and that does not affect the validity of the Seller's interest in such underlying Property;

(cc) defects based solely on Seller's failure to have a title opinion or title insurance policy on any Property;

(dd) any defect arising from (i) any Lease having no pooling provision, or an inadequate horizontal pooling provision, (ii) the absence of any lease amendment or consent by any royalty interest or mineral interest holder authorizing the pooling of any Lease or (iii) the failure of Exhibit A-1 or Exhibit A-2 to reflect any Lease where the owner thereof was treated as a non-participating co-tenant during the drilling of any Well, except, in each case, to the extent Seller or any of its Affiliates has received written notice from any Person alleging or asserting an adverse claim or demand of any kind that is based upon or related to any of the foregoing matters;

(ee) lack of (i) Contracts or rights for the transportation or processing of Hydrocarbons produced from the Assets, (ii) any rights of way for gathering or transportation pipelines or facilities that do not constitute any of the Assets, or (iii) in the case of a well or other operation that has not been commenced as of the Closing Date, any permits, easements, rights of way, unit designations, or production or drilling units not yet obtained, formed, or created, so long as the same would not, individually or in the aggregate, result in or constitute an Unapproved Exception;

(ff) the terms and conditions of this Agreement or any other document executed pursuant to the terms of this Agreement;

(gg) any matters expressly identified and set forth on Schedule 3.3 as of the Execution Date; and

(hh) any other liens, charges, encumbrances, defects, or irregularities which (i) do not, individually or in the aggregate, result in or constitute an Unapproved Exception and (ii) would be accepted or waived by a reasonably prudent purchaser engaged in the business of owning and operating oil and gas properties that are similar to the Assets.

3.4 Environmental Assessment; Environmental Defects.

(a) From and after the Execution Date, and subject to the terms of Sections 6.1 and 6.5 and this Section 3.4, Purchaser shall have the right to conduct, or cause a reputable environmental consulting or engineering firm (the "Environmental Consultant"), to conduct, an inspection of the environmental condition and compliance status of the Assets, including with respect to the operations, use, maintenance and development thereof (the "Environmental Review"), which may include conducting a Phase I Environmental Site Assessment in accordance with the American Society for Testing and Materials (A.S.T.M.) Standard Practice Environmental Site Assessments: Phase I Environmental Site Assessment Process (Publication Designation: E1527-13 or E2247-16) ("Phase I"). With respect to any Assets that are operated by a Third Party, Seller shall use commercially reasonable efforts to obtain permission from such Third Party operator of such Asset(s) for Purchaser and/or the Environmental Consultant to conduct the Environmental Review with respect to such Asset(s); provided, however, that Seller shall have no liability to Purchaser for failure to obtain such Third Party operator's permission so long as Seller has uses its commercially reasonable efforts to obtain permission from the applicable Third Party operator of such Asset(s) for Purchaser and/or the Environmental Consultant to conduct the Environmental Review with respect to such Asset(s) (and, for purposes of clarity, Seller shall not be required to make any payments or undertake any obligations for the benefit of any Third Party with respect to such access to such non-operated Assets). Purchaser shall provide Seller with a minimum of twenty-four (24) hours' advance written notice of its proposed environmental assessment activities prior to entering the Asset(s) to be assessed. Seller shall have the right to have one or more Representatives accompany Purchaser and the Environmental Consultant at all times during the Environmental Review. The Environmental Review shall not include any sampling, boring, operation of Equipment, or other invasive activity (each, an "Invasive Activity") without (x) with respect to any Invasive Activity proposed to be conducted on or with respect to any Assets that are operated by Seller or any of its Affiliates, the prior written consent of Seller (which consent can be withheld in Seller's sole discretion for any reason or no reason), or (y) with respect to any Invasive Activity proposed to be conducted on or with respect to any Assets that are not operated by Seller or any of its Affiliates, the prior written consent of Seller and the applicable Third Party operator; provided, however, that in the event that (A) Purchaser determines in good faith that any Phase I conducted by Purchaser or any Environmental Consultant identifies the existence of any actual or potential "recognized environmental condition" (or any other fact, condition or circumstance that, individually or in the aggregate, would reasonably be expected to give rise to or otherwise indicate the potential existence of an Environmental Defect) with respect to any of the Assets and concludes or recommends that conducting any Invasive Activity(ies) with respect to the affected Asset(s) is reasonably necessary in order for Purchaser or the Environmental Consultant to determine the nature, scope and/or extent of such identified actual or potential "recognized environmental condition" (or any other fact, condition or circumstance that, individually or in the aggregate, would reasonably be expected to give rise to or otherwise indicate the potential existence of an Environmental Defect) and/or the Environmental Defect Amount thereof and (B) Seller (or, if applicable, the applicable Third Party operator of the affected Asset(s)) fails to grant its consent (which consent can be withheld in either Seller's or the applicable Third Party operator's sole discretion for any reason or no reason) to such Invasive Activity(ies) within five (5) days of its receipt of Purchaser's request therefor, then Purchaser shall have the right (in its sole discretion) to elect in writing to exclude the affected Asset(s) from the transactions contemplated by this Agreement and, in such event, (1) the Unadjusted Purchase Price shall be reduced by the Allocated Value, if any, of such affected Asset(s), (2) such affected Asset(s) shall be deemed to be excluded from the definition of "Assets" and from the applicable exhibits attached hereto, (3) Purchaser shall have no obligations or liabilities of any kind with respect to such excluded affected Assets and (4) such affected Assets(s) shall thereafter be deemed to constitute Excluded Assets for all purposes of this Agreement. In performing its Environmental Review, Purchaser shall (and shall cause the Environmental Consultant and Purchaser's other Representatives to): (I) perform all work in a safe and workmanlike manner; (II) perform all work in such a way as to not unnecessarily and unreasonably interfere with the operation of any Property or the business of Seller; (III) materially comply with all applicable Laws; and (IV) at its sole cost, risk, and expense, with respect to any physical damages or disturbances caused by the Environmental Review, repair any disturbances or damages to the Properties caused by the Environmental Review.

(b) Purchaser shall provide to Seller (free of cost) copies of any final environmental reports generated by the Environmental Consultant with respect to any Environmental Defect asserted by Purchaser hereunder, if applicable. Except (i) as may be required or permitted pursuant to the exercise of the rights and fulfillment of the obligations of a Party under this Agreement, (ii) as may be required by applicable Law, or (iii) for information which is or becomes public knowledge through no fault of the Person against whom this sentence is sought to be enforced, Purchaser and Seller and their respective Affiliates shall maintain, and shall cause its and their respective officers, directors, employees, contractors, consultants (including, with respect to Purchaser, the Environmental Consultant), and other Representatives to maintain, all information, reports (whether interim, draft, final, or otherwise), data, work product, and other matters obtained or generated from or attributable to the Environmental Review (the "Environmental Information") strictly confidential, and shall not disclose all or any portion of the Environmental Information to any Third Party without the prior written consent of Purchaser or Seller, as applicable, which consent shall not be unreasonably withheld or delayed. If this Agreement is terminated prior to the Closing, Purchaser shall continue to be subject to the confidentiality provisions in this Section 3.4(b) and shall deliver the Environmental Information to Seller, which Environmental Information shall become the sole property of Seller. Each Party shall be responsible for the compliance of its Affiliates, and its and their respective officers, directors, employees, contractors, consultants (including, with respect to Purchaser, the Environmental Consultant), and other Representatives with the terms of this Section 3.4(b) that are applicable to such Persons. If the Closing occurs, the foregoing confidentiality obligations set forth in this Section 3.4(b) shall not apply to Purchaser and its Affiliates and its and their respective officers, directors, employees, contractors, consultants and other Representatives, but shall, for purposes of clarity, remain in full force and effect with respect to Seller and its Affiliates and its and their respective officers, directors, employees, contractors, consultants and other Representatives.

(c) Purchaser acknowledges that the Assets have been used for the exploration, development, and production of Hydrocarbons and that there may be petroleum, produced water, wastes, or other substances or materials located in, on, or under the Properties or associated with the Assets. Equipment and sites included in the Assets may contain hazardous materials, including asbestos and naturally occurring radioactive material ("NORM"). NORM may affix or attach itself to the inside of wells, materials, and equipment as scale, or in other forms. The wells, materials, and equipment located on the Properties or included in the Assets may contain hazardous materials, including asbestos and NORM. Hazardous materials, including asbestos and NORM, may have come into contact with various environmental media, including water, soils, or sediment. **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS, AND PURCHASER WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRESENCE OR ABSENCE OF ASBESTOS OR NORM IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR OILFIELD OPERATIONS IN THE AREAS WHERE THE ASSETS ARE LOCATED.**

3.5 Environmental Defects. As used in this Agreement, the term "Environmental Defect" means (a) any condition, matter, obligation, event or circumstance with respect to all or any portion of any of the Assets that causes such Asset(s) (or Seller, with respect to such Asset(s)) to be in violation of any Environmental Law or not to be in compliance with, or to be subject to a remedial or corrective action obligation pursuant to, any Environmental Law or (b) the existence as of the Defect Claim Date with respect to the Assets or the operation thereof of any environmental pollution, contamination or degradation in excess of standards permitted under any Environmental Law; provided, however, that the term "Environmental Defect" shall not include (i) current obligations to plug or abandon any well, (ii) the presence of NORM or asbestos, as described in Section 3.4(c), other than with respect to the presence of NORM or asbestos in quantities that presently require remediation or abatement under Environmental Law, or (iii) the matters that are disclosed on Schedule 3.5 as of the Execution Date.

3.6 Notice of Title and Environmental Defects and Benefits; Adjustment.

(a) To assert a claim for a Title Defect, Purchaser must deliver a defect claim notice or notices (each, a "Title Defect Claim Notice") to Seller on or before 5:00 p.m. local time in Houston, Texas, on June 24, 2021 (the "Defect Claim Date"). Each such Title Defect Claim Notice shall be in writing and shall include:

(i) a description of the alleged Title Defect(s);

(ii) the Property(ies) affected thereby (each, a "Title Defect Property");

(iii) the Allocated Value of the Title Defect Property(ies) subject to the alleged Title Defect(s);

(iv) to the extent in Purchaser's possession or control, copies of supporting documents reasonably sufficient for Seller (as well as any attorney or examiner hired by Seller) to evaluate the alleged Title Defect(s) (any and all of which supporting documents may be furnished via access to a web link or ftp site (in lieu of other means of delivery)); and

(v) Purchaser's good faith estimate of the Title Defect Amount attributable to such alleged Title Defect and the computations and information upon which Purchaser's estimate is based.

Notwithstanding anything to the contrary in this Agreement, an immaterial failure of any Title Defect Claim Notice to include any of the information or documentation identified or described in Section 3.6(a)(i) through Section 3.6(a)(v) above shall not render such Title Defect Claim Notice void or ineffective so long as such Title Defect Claim Notice is otherwise reasonably sufficient to provide notice to Seller of the existence, nature, and Purchaser's good faith estimate of the applicable Title Defect(s) and Title Defect Amount(s) asserted therein.

WITHOUT LIMITATION OF THE TITLE MATTERS, AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED HEREIN), PURCHASER SHALL BE DEEMED TO HAVE WAIVED AND RELEASED, AND COVENANTS THAT IT SHALL WAIVE AND RELEASE, ANY AND ALL TITLE DEFECTS OR OTHER DEFICIENCIES OR DEFECTS IN SELLER'S TITLE TO THE PROPERTIES (AND ANY ADJUSTMENTS TO THE UNADJUSTED PURCHASE PRICE ATTRIBUTABLE THERETO) FOR WHICH SELLER HAS NOT RECEIVED, ON OR BEFORE THE DEFECT CLAIM DATE, A VALID TITLE DEFECT CLAIM NOTICE THAT IS REASONABLY SUFFICIENT TO PROVIDE NOTICE TO SELLER OF THE EXISTENCE, NATURE, AND PURCHASER'S GOOD FAITH ESTIMATE OF THE TITLE DEFECT(S) AND TITLE DEFECT AMOUNT(S) ASSERTED IN SUCH TITLE DEFECT CLAIM NOTICE.

(b) Should (x) Purchaser obtain knowledge of any Title Benefit on or before the Defect Claim Date or (y) Seller first obtain knowledge of any Title Benefit after the Execution Date and on or before the Defect Claim Date, then such Party shall, on or before the Defect Claim Date, deliver to the other Party a written notice of such alleged Title Benefit including:

(i) a description of the alleged Title Benefit;

(ii) the Property(ies) affected thereby;

(iii) the Allocated Value of the Property subject to such alleged Title Benefit;

(iv) to the extent in the possession or control of such notifying Party, copies of supporting documents reasonably sufficient for the other Party (as well as any attorney or examiner hired by the other Party) to verify the existence of the alleged Title Benefit(s); and

(v) such notifying Party's good faith estimate of the Title Benefit Amount attributable to such alleged Title Benefit and the computations and information upon which Purchaser's estimate is based.

Notwithstanding anything to the contrary in this Agreement, an immaterial failure of any Title Benefit notice to include any of the information or documentation identified or described in Section 3.6(b)(i) through Section 3.6(b)(v) above shall not render such Title Benefit notice void or ineffective so long as such Title Benefit notice is otherwise reasonably sufficient to provide notice to the applicable other Party of the existence, nature, and the applicable notifying Party's good faith estimate of the applicable Title Benefit(s) and Title Benefit Amount(s) asserted therein.

SELLER SHALL BE DEEMED TO HAVE WAIVED AND RELEASED, AND COVENANTS THAT IT SHALL WAIVE AND RELEASE, ANY AND ALL TITLE BENEFITS OF WHICH NO PARTY HAS RECEIVED ON OR BEFORE THE DEFECT CLAIM DATE A VALID TITLE BENEFIT NOTICE THAT IS REASONABLY SUFFICIENT TO PROVIDE NOTICE TO THE OTHER PARTY OF THE EXISTENCE, NATURE, AND GOOD FAITH ESTIMATE OF THE TITLE BENEFIT(S) AND TITLE BENEFIT AMOUNT(S) ASSERTED IN SUCH TITLE BENEFIT NOTICE, EXCEPT TO THE EXTENT PURCHASER HAS FAILED TO GIVE A NOTICE WHICH IT WAS OBLIGATED TO GIVE UNDER THIS SECTION 3.6(B).

(c) To assert a claim for an Environmental Defect, Purchaser must, on or before the Defect Claim Date, deliver to Seller one or more notices relating to Environmental Defects (each, an "Environmental Defect Claim Notice"), which Environmental Defect Claim Notices shall be in writing and shall include:

(i) a description of the alleged Environmental Defect, including the applicable Environmental Law(s) alleged to be violated and/or implicated thereby and the facts that Purchaser believes substantiate the existence of such alleged Environmental Defect;

(ii) the Asset(s) affected by such alleged Environmental Defect (each, an "Environmental Defect Asset");

(iii) to the extent in Purchaser's possession or control, such supporting documentation and/or Environmental Information as is reasonably sufficient for Seller (as well as any consultant hired by Seller) to evaluate the alleged Environmental Defect (any and all of which supporting documents may be furnished via access to a web link or ftp site (in lieu of other means of delivery));

(iv) Purchaser's good faith estimate of the Environmental Defect Amount attributable to such alleged Environmental Defect and the computations and information upon which Purchaser's estimate is based.

Notwithstanding anything to the contrary in this Agreement, an immaterial failure of any Environmental Defect Claim Notice to include any of the information or documentation identified or described in Section 3.6(c)(i) through Section 3.6(c)(iv) above shall not render such Environmental Defect Claim Notice void or ineffective so long as such Environmental Defect Claim Notice is otherwise reasonably sufficient to provide notice to Seller of the existence, nature and Purchaser's good faith estimate of the applicable Environmental Defect(s) and Environmental Defect Amount(s) asserted therein.

SUBJECT TO, AND WITHOUT LIMITATION OF, THE ENVIRONMENTAL MATTERS, AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED HEREIN), PURCHASER SHALL BE DEEMED TO HAVE WAIVED AND RELEASED, AND COVENANTS THAT IT SHALL WAIVE AND RELEASE, ANY AND ALL ENVIRONMENTAL DEFECTS AND OTHER DEFECTS OR DAMAGES RELATED TO THE ENVIRONMENTAL CONDITION OF THE ASSETS (AND ANY ADJUSTMENTS TO THE UNADJUSTED PURCHASE PRICE ATTRIBUTABLE THERETO) FOR WHICH SELLER HAS NOT RECEIVED ON OR BEFORE THE DEFECT CLAIM DATE A VALID ENVIRONMENTAL DEFECT CLAIM NOTICE THAT IS REASONABLY SUFFICIENT TO PROVIDE NOTICE TO SELLER OF THE EXISTENCE, NATURE, AND PURCHASER'S GOOD FAITH ESTIMATE OF THE ENVIRONMENTAL DEFECT(S) AND ENVIRONMENTAL DEFECT AMOUNT(S) ASSERTED IN SUCH ENVIRONMENTAL DEFECT CLAIM NOTICE.

(d) Purchaser agrees to use commercially reasonable efforts to provide Seller, on or before the end of each calendar week prior to the Defect Claim Date, written notice of all alleged Title Defects and alleged Environmental Defects discovered by Purchaser during such calendar week, which notice may be preliminary in nature and may be amended, supplemented, replaced and/or withdrawn (in-whole or in-part), in Purchaser's discretion, at any time on or prior to the Defect Claim Date and provided that, notwithstanding anything to the contrary herein, any failure of Purchaser to provide any such preliminary notice to Seller shall not be deemed or construed to waive, limit, restrict or otherwise prejudice Purchaser's right to assert any Title Defect or Environmental Defect at any time on or prior to the Defect Claim Date.

3.7 Cure.

(a) Seller shall have the right, but not the obligation, to attempt, at Seller's sole cost, risk, and expense, to cure or remove to the reasonable satisfaction of Purchaser (i) on or before the date that is three (3) days prior to the Target Closing Date (such date, the "Environmental Cure Date"), any alleged Environmental Defects (each such alleged Environmental Defect, a "Cure Target Environmental Defect") or (ii) on or before the date that is ninety (90) days after the Closing Date (such date, the "Title Cure Date" and, together with the Environmental Cure Date, each, a "Cure Date", as applicable), any alleged Title Defects (each such alleged Title Defect, a "Cure Target Title Defect" and, together with all Cure Target Environmental Defect, collectively, the "Cure Target Defects"), in each case, of which Seller has been advised by Purchaser pursuant to Section 3.6(a), 3.6(c) or 3.6(d), as applicable. To exercise any such cure or removal right with respect to any Cure Target Title Defects after Closing, Seller shall provide written notice to Purchaser of its intent to attempt to cure or remove any such Cure Target Title Defects on or before 5:00 p.m. local time in Houston, Texas on the date that is at least five (5) Business Days prior to the Target Closing Date. Seller may elect to perform any such environmental cure or removal work with respect to any Cure Target Environmental Defect at any time prior to the Environmental Cure Date by delivering prior written notice thereof to Purchaser. At Closing, (A) all Title Defect Properties that are affected by or subject to any such Cure Target Title Defects shall be included in the Assets to be assigned, conveyed and transferred to Purchaser in connection with Closing and (B) all adjustments to the Unadjusted Purchase Price with respect to such Cure Target Title Defects shall be addressed as provided in Section 3.8(e) for purposes of Closing and thereafter any adjustment required under Section 3.8(a) with respect thereto shall be made pursuant to Section 3.8(f). The election by Seller to attempt to cure or remove one or more of such Cure Target Defects shall not affect the rights and obligations of the Parties under Section 3.10 with respect to dispute resolution related to any such Cure Target Defect. Seller's election to attempt cure or remove a Cure Target Defect shall not constitute a waiver of any of the rights of Seller pursuant to this Article 3, including Seller's right to dispute the existence, nature, or value of such Cure Target Defect.

(b) Subject to, and without limitation of, the Parties' respective rights under Section 3.10 with respect to any Disputed Matter, including, for purposes of clarity, the determination by the Title Arbitrator or Environmental Arbitrator, as applicable, of the existence of and/or the Title Defect Amount or Environmental Defect Amount with respect to, as applicable, any Cure Target Defect that constitutes a Disputed Matter, to the extent any Cure Target Defect is not cured and/or remediated to Purchaser's reasonable satisfaction by Seller on or before the applicable Cure Date, the adjustment required under Section 3.8 with respect thereto shall be made pursuant to Section 8.4(a) or Section 8.4(b), as applicable.

(c) Any dispute between Seller and Purchaser relating to whether, and to what extent, a Cure Target Defect has been cured or remediated shall be deemed to constitute a Disputed Matter and shall be resolved as set forth in Section 3.10, except that any such matter shall be submitted to the Title Arbitrator or Environmental Arbitrator, as applicable, on or before the date that is ten (10) Business Days after the applicable Cure Date; provided, however, that any prior or concurrent determination by the Title Arbitrator or Environmental Arbitrator, as applicable, with respect to Cure Target Defects (or factual or legal matters relating thereto, even if determined in connection with the resolution of an otherwise unrelated dispute) which Seller has elected to attempt to cure or remediate pursuant to Section 3.7(a) shall be binding on the Parties with respect to such Cure Target Defect (or factual or legal matters relating thereto, even if determined in connection with the resolution of an otherwise unrelated dispute).

(d) Seller shall have the right to exclude any Environmental Defect Asset that constitutes a Lease or Well from this Agreement by delivery of written notice to Purchaser of the exercise of such right no later than two (2) Business Days prior to the Target Closing Date if Purchaser's good faith estimate of the Environmental Defect Amount(s) for such Environmental Defect Asset(s), as set forth in the applicable Environmental Defect Claim Notice, in each case, equals or exceeds (i) one hundred percent (100%) of the Allocated Value of the applicable Environmental Defect Asset (if the applicable Environmental Defect Asset has an Allocated Value) or (ii) $65,000 if the applicable Environmental Defect Asset does not have an Allocated Value, and, in either such case, the Closing Payment shall be reduced by the Allocated Value of the applicable Environmental Defect Asset (if any) and such applicable Environmental Defect Asset shall be deemed deleted from the Exhibits and Schedules hereto and constitute an "Excluded Asset" for all purposes of this Agreement; provided, however, that, notwithstanding the foregoing, Seller shall have no right to exclude any such Environmental Defect Asset if, and only if, (A) Purchaser determines in good faith that the exclusion of such Environmental Defect Asset would materially and adversely affect Purchaser's ownership, operation and/or use of any other Asset (or any group of Assets) in any material respect following Closing and (B) the aggregate downward adjustment to the Purchase Price associated with all Environmental Defect Asset(s) addressed in subpart (A) of this Section 3.7(d) (for the avoidance of doubt, if such Environmental Defect Asset(s) were not excluded from this Agreement) would be less than One Million Dollars ($1,000,000), in which case such Environmental Defect Asset(s) will be conveyed to Purchaser at Closing in accordance with the terms of this Agreement.

3.8 Adjustment for Title Defects and Benefits and Environmental Defects.

(a) With respect to each Asset for which any Title Defect or Environmental Defect has been alleged under Section 3.6(a) or 3.6(c), such Asset shall, subject to Seller's exercise of its right in Section 3.7(d) with respect to any applicable Environmental Defect Asset, be assigned at Closing subject to all uncured Title Defects and Environmental Defects, and the Purchase Price shall be reduced at Closing by (i) in the case of Title Defects, an amount determined pursuant to Section 3.9(a) (the "Title Defect Amount"), and (ii) in the case of Environmental Defects, an amount determined pursuant to Section 3.9(c) (the "Environmental Defect Amount"), in each case, as provided in □Sections 3.8(d), 3.8(e) and 3.8(f), as applicable; provided, however, that, notwithstanding the foregoing, without limitation of Section 3.8(e), no other reduction shall be made in the Unadjusted Purchase Price at Closing with respect to any Title Defect or Environmental Defect which (A) Seller elects to cure following Closing pursuant to Section 3.7(a) (solely with respect to Title Defects) or (B) are Disputed Matters.

(b) With respect to each Property affected by Title Benefits reported under Section 3.6(b), there shall be an offset to Title Defects and Environmental Defects by an amount as determined pursuant to Section 3.9(b) (the "Title Benefit Amount"); provided, however, that, notwithstanding anything in this Agreement to the contrary, in no event shall any Title Benefit Amount(s) result in any increase to the Unadjusted Purchase Price.

(c) Seller and Purchaser shall use their respective commercially reasonable efforts and cooperate in good faith to attempt to agree upon the existence of any Title Defects, Title Benefits or Environmental Defects reported pursuant to Sections 3.6(a), 3.6(b) and 3.6(c) above, as applicable, and any corresponding Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts, in each case, on or before the Closing Date. If Seller and Purchaser are unable to agree by the Closing Date, then, subject to Section 3.7, the Title Defects, Title Benefits, Environmental Defects, reported pursuant to Sections 3.6(a), 3.6(b) and 3.6(c), as applicable, and any corresponding Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts which are then in dispute (each a "Disputed Matter") shall be exclusively and finally resolved by arbitration pursuant to Section 3.10.

(d) At Closing, the Unadjusted Purchase Price shall be adjusted (i) in accordance with Section 3.8(a) with respect to any Title Defects which (A) Seller has not elected to attempt to cure pursuant to Section 3.7(a) and (B) are not Disputed Matters, (ii) in accordance with Section 3.8(a) with respect to any Environmental Defects which (A) Seller has not cured to Purchaser's reasonable satisfaction as of the Closing Date and (B) are not Disputed Matters and (iii) in accordance with Section 3.8(b) with respect to any Title Benefits which are not Disputed Matters.

(e) At Closing, an amount equal to the sum of all Title Defect Amounts and Environmental Defect Amounts (as asserted in good faith by Purchaser in the applicable Title Defect Claim Notices and Environmental Defect Claim Notices provided in accordance with Sections 3.6(a) and/or 3.6(c), as applicable) related to (i) any Cure Target Title Defects which Seller elects to attempt to cure prior to the Title Cure Date in accordance with Section 3.7(a) or (ii) which are Disputed Matters (such aggregate amount, the "Defect Escrow Amount"), shall be deducted in the calculation of the Closing Payment, as provided in Section 8.4(a). As contemplated by Section 8.4(a), such deduction shall be made by reducing the portion of the Cash Purchase Price payable at Closing by an amount equal to the Defect Escrow Amount and, at the Closing, Purchaser shall deposit the Defect Escrow Amount into a separate escrow account established with the Escrow Agent (the "Defect Escrow Account"), to be governed by a separate escrow agreement to be executed at Closing among Seller, Purchaser, and the Escrow Agent, in substantially the same form as the Deposit Escrow Agreement (the "Defect Escrow Agreement"). The Defect Escrow Amount shall be held, invested and disbursed in accordance with the terms of this Article 3 and the Defect Escrow Agreement pending the curing and/or resolution, as applicable, of the applicable Cure Target Title Defects and/or the applicable Disputed Matters in accordance with the applicable terms of this Article 3. For the avoidance of doubt, the Defect Escrow Account, Defect Escrow Amount and the Defect Escrow Agreement shall each be independent of and separate from each of (x) the Deposit Escrow Account established for the Deposit and the related Deposit Escrow Agreement and (y) the Indemnity Holdback Escrow Account established for the Indemnity Holdback Amount and the related Indemnity Holdback Escrow Agreement.

(f) After Closing, the Purchase Price shall be adjusted for (i) any Cure Target Title Defects which (A) Seller elects to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) or (B) are Disputed Matters and (ii) any Environmental Defects or Title Benefits which are Disputed Matters, in each case, to the extent the Title Defect Amounts, Title Benefit Amounts and Environmental Defect Amounts for such Title Defects, Title Benefits and Environmental Defects are included in the Defect Escrow Amount, as provided in this Section 3.8(f). Within ten (10) Business Days after the later to occur of (x) the Title Cure Date and (y) the final date of determination of all Disputed Matters submitted to a Title Arbitrator or Environmental Arbitrator pursuant to Section 3.10, as applicable, and after consideration of all other adjustments previously made to the Unadjusted Purchase Price and after giving effect to all applicable limitations set forth in Section 3.9, the Parties shall execute joint written instructions to the Escrow Agent instructing it to deliver to Seller or Purchaser, as applicable, the portion of the Defect Escrow Amount equal to the net amount which such Party is entitled to receive in order to make the adjustments to the Unadjusted Purchase Price called for pursuant to this Section 3.8, with respect to (a) any Disputed Matters, as determined by the applicable Title Arbitrator or Environmental Arbitrator under Section 3.10(a) and/or Section 3.10(b), as applicable, and (b) any Cure Target Title Defects which Seller elected to attempt to cure prior to the Title Cure Date pursuant to Section 3.7(a) and which are not Disputed Matters after considering the extent such Title Defects have been cured pursuant to Section 3.6(c) to Purchaser's reasonable satisfaction. Any payment made pursuant to this Section 3.8(f) shall be made by wire transfer of immediately available funds to a bank account or accounts to be designated in writing by the Party receiving such payment (which bank account or account(s) shall, for purposes of clarity, be designated by such Party in the applicable executed joint written instructions delivered to the Escrow Agent instructing it to deliver such payment to such Party).

(g) The Parties shall treat for Tax purposes, any amount paid pursuant to this Section 3.8 as an adjustment to the Purchase Price.

(h) **SUBJECT TO, AND WITHOUT LIMITATION OF, THE ENVIRONMENTAL MATTERS, THE TITLE MATTERS, THE TERMS AND PROVISIONS OF THE OTHER TRANSACTION DOCUMENTS, THE CONDITION TO CLOSING IN SECTION 7.2(D), AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED IN THIS AGREEMENT), (X) THIS ARTICLE 3 SHALL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, OTHERWISE BE THE EXCLUSIVE RIGHT AND REMEDY OF PURCHASER WITH RESPECT TO TITLE DEFECTS AND OTHER DEFICIENCIES IN TITLE TO THE ASSETS AND ANY ENVIRONMENTAL DEFECTS AND OTHER DEFECTS OR DAMAGES RELATED TO THE ENVIRONMENTAL CONDITION OF THE ASSETS AND (Y) EXCEPT AS PROVIDED IN SECTION 3.6(A) AND SECTION 3.6(C), BUT SUBJECT TO THE FOREGOING TERMS OF THIS SECTION 3.8(H), PURCHASER OTHERWISE RELEASES, REMISES, AND FOREVER DISCHARGES SELLER, ITS AFFILIATES, AND EACH OF THEIR RESPECTIVE MEMBERS, SHAREHOLDERS, INTEREST OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, ADVISORS, AND REPRESENTATIVES FROM ANY AND ALL SUITS, LEGAL OR ADMINISTRATIVE PROCEEDINGS, CLAIMS, DEMANDS, DAMAGES, LOSSES, COSTS, LIABILITIES, INTEREST, OR CAUSES OF ACTION WHATSOEVER, IN LAW OR IN EQUITY, KNOWN OR UNKNOWN, WHICH PURCHASER MIGHT NOW OR SUBSEQUENTLY MAY HAVE, BASED ON, RELATING TO, OR ARISING OUT OF, ANY TITLE DEFECT, ENVIRONMENTAL DEFECT, OR OTHER DEFICIENCY IN TITLE TO, OR OTHER DEFECTS OR DAMAGES RELATED TO THE ENVIRONMENTAL CONDITION OF, ANY ASSET**.

3.9 Calculation of Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts.

(a) The Title Defect Amount resulting from a Title Defect shall be determined as follows:

(i) if Purchaser and Seller agree in writing upon the Title Defect Amount, that amount shall be the Title Defect Amount;

(ii) if the Title Defect is a lien, encumbrance, or other charge which is liquidated in amount, then the Title Defect Amount shall be the amount necessary to be paid to remove the Title Defect from Seller's interest in the affected Property;

(iii) [reserved];

(iv) if the Title Defect represents a discrepancy between (A) Seller's aggregate Net Revenue Interest for any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well and (B) the Net Revenue Interest stated in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, and for which there is not at least a proportionate decrease in Seller's Working Interest ownership, as applicable, for such applicable Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well from that set forth in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, then the Title Defect Amount shall be the product of the Allocated Value of such Lease or Well multiplied by a fraction, the numerator of which is the decrease in Seller's aggregate Net Revenue Interest in such Lease or Well and the denominator of which is Seller's Net Revenue Interest stated in Exhibit A-1 or Exhibit A-2, as applicable, for such Lease or Well; provided, however, that if the Title Defect does not affect such Lease or Well throughout its entire productive life, the Title Defect Amount determined under this Section 3.9(a)(iv) shall be reduced to take into account the applicable time period only;

(v) if the Title Defect represents an obligation, encumbrance, burden, or charge upon, or other defect in title to, the affected Property of a type not described in subsections (i), (ii), (iii), or (iv) of this Section 3.9, the Title Defect Amount shall be determined by taking into account the Allocated Value of the Property so affected, the portion of Seller's interest in the Property affected by the Title Defect, the legal effect of the Title Defect, the potential discounted economic effect of the Title Defect over the productive life of the affected Property, the values placed upon the Title Defect by Purchaser and Seller, the age of the factual matters causing or constituting the alleged Title Defect, the probability that title failure will occur with respect to any Title Defect that represents only a possibility of title failure, and such other factors as are necessary to make a proper evaluation;

(vi) the Title Defect Amount with respect to a Title Defect shall be determined without duplication of any costs or losses included in another Title Defect Amount hereunder or for which Purchaser otherwise receives credit in the calculation of the Purchase Price; and

(vii) notwithstanding anything to the contrary in this Article 3:

(A) an individual claim for a Title Defect for which a valid Title Defect Claim Notice is given prior to the Defect Claim Date shall only generate an adjustment to the Unadjusted Purchase Price under this Article 3 if the Title Defect Amount with respect thereto exceeds Sixty-Five Thousand Dollars ($65,000) (the "Individual Defect Threshold"); provided, however, that if a specific Title Defect affects more than one Title Defect Property, then the Title Defect Amounts associated with such specific Title Defect may be aggregated by Purchaser for determining whether the Individual Defect Threshold is met with respect to all such Properties affected by such specific Title Defect;

(B) the aggregate Title Defect Amounts attributable to the effects of all Title Defects upon any given Property shall not exceed the Allocated Value of such Property; and

(C) there shall be no adjustment to the Purchase Price for Title Defects or Environmental Defects unless and until the aggregate of all Title Defect Amounts and Environmental Defect Amounts that exceed (or are deemed to exceed) the Individual Defect Threshold less the aggregate of all Title Benefit Amounts that exceed the Title Benefit Threshold, exceeds an amount equal to two percent (2%) of the Unadjusted Purchase Price, and then only to the extent that such aggregate amount exceeds two percent (2%) of the Unadjusted Purchase Price. For purposes of this Section 3.9(a)(vii)(C), the Unadjusted Purchase Price shall be reduced by the Allocated Value of any Assets excluded pursuant to Section 3.4(a), Section 3.7(d) or Section 3.12 and references to the Unadjusted Purchase Price in this Section 3.9(a)(vii)(C) shall be deemed and construed to reference the Unadjusted Purchase Price as reduced by any such reductions described herein.

(b) The Title Benefit Amount resulting from a Title Benefit shall be determined as follows:

(i) if Purchaser and Seller agree in writing upon the Title Benefit Amount, that amount shall be the Title Benefit Amount;

(ii) [reserved];

(iii) if the Title Benefit represents a discrepancy between (A) the Net Revenue Interest for any Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well and (B) the Net Revenue Interest stated with respect to such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well, as applicable, in Exhibit A–1 or Exhibit A-2, then the Title Benefit Amount shall be the product of the Allocated Value of the affected Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well multiplied by a fraction, the numerator of which is the increase in Seller's aggregate Net Revenue Interest in such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well and the denominator of which is the Net Revenue Interest stated in Exhibit A–1 or Exhibit A-2 with respect to such Lease (as to the Target Interval (except as otherwise expressly set forth on Exhibit A-1 with respect to such Lease)) or Well; provided, however, that if the Title Benefit does not affect a Lease or Well throughout the entire productive life of thereof, the Title Benefit Amount determined under this Section 3.9(b)(iii) shall be reduced to take into account the applicable time period only;

(iv) if a Title Benefit represents a right, circumstance, or condition of a type not described in subsections (i), (ii) or (iii) of this Section 3.9(b), the Title Benefit Amount shall be determined by taking into account the Allocated Value of the Property so affected, the portion of Seller's interest in the Property so affected, the legal effect of the Title Benefit, the potential discounted economic effect of the Title Benefit over the productive life of any affected Property, the values placed upon the Title Benefit by Purchaser and Seller, and such other factors as are necessary to make a proper evaluation; and

(v) notwithstanding anything to the contrary in this Article 3, an individual claim for a Title Benefit shall only serve to offset the any applicable Title Defect Amounts and/or Environmental Defect Amounts if the Title Benefit Amount with respect thereto exceeds Sixty-Five Thousand Dollars ($65,000) (the "Title Benefit Threshold").

(c) The Environmental Defect Amount resulting from an Environmental Defect shall be determined as follows:

(i) if Purchaser and Seller agree on the Environmental Defect Amount, that amount shall be the Environmental Defect Amount;

(ii) the Environmental Defect Amount shall include, but shall not exceed, the reasonable cost of the response required under Environmental Laws that addresses the applicable Environmental Defect with the most cost-effective remediation of such Environmental Defect (considered as a whole, taking into consideration any material impacts such response may have on the continued, safe, and prudent operation of the relevant Assets and any potential material additional costs or liabilities that may likely arise as a direct result of such response);

(iii) the Environmental Defect Amount with respect to an Environmental Defect shall be determined without duplication of any costs or losses included in another Environmental Defect Amount or adjustment to the Purchase Price hereunder; and

(iv) notwithstanding anything to the contrary in this Article 3, an individual claim for an Environmental Defect for which a valid Environmental Defect Claim Notice is given prior to the Defect Claim Date shall only generate an adjustment to the Unadjusted Purchase Price if the Environmental Defect Amount with respect thereto exceeds the Individual Defect Threshold.

3.10 Dispute Resolution.

(a) Except as otherwise provided in Section 3.7(c), with respect to any Disputed Matter concerning Title Defects, Title Benefits, Title Defect Amounts and/or Title Benefit Amounts (collectively, "Disputed Title Matters"), on or after the date that is ten (10) Business Days following the Closing Date, either Party may notify the other Party of its election to submit all remaining Disputed Title Matters to a title attorney with at least ten (10) years' experience in oil and gas titles in the State of Texas, as selected by mutual agreement of Purchaser and Seller (the "Title Arbitrator") and thereafter the Parties shall promptly submit such remaining Disputed Title Matters to the Title Arbitrator. If Purchaser and Seller have not agreed upon a Person to serve as Title Arbitrator within ten (10) Business Days of a Party's election to submit such Disputed Title Matters to the Title Arbitrator, the Parties shall, within five (5) Business Days after the end of such ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association (or in the event that there is no such office in Houston, Texas at such time, to any other office of the American Arbitration Association) to choose the Title Arbitrator and submit such Disputed Title Matters along with such application. The Title Arbitrator shall not have worked as an employee or outside counsel for any Party or its Affiliates during the five (5) year period preceding the arbitration or have any financial interest in the dispute other than the payment of the Title Arbitrator's fees and expenses incurred as Title Arbitrator.

(b) Except as provided in Section 3.7(c), with respect to any Disputed Matter concerning Environmental Defects and Environmental Defect Amounts (collectively, "Disputed Environmental Matters"), on or after a date that is ten (10) Business Days following the Closing Date, either Party may notify the other Party of its election to submit all remaining Disputed Environmental Matters to a reputable environmental consultant with at least ten (10) years' experience in corrective environmental action regarding oil and gas properties in the State of Texas, as selected by mutual agreement of Purchaser and Seller (the "Environmental Arbitrator"). and thereafter the Parties shall promptly submit such remaining Disputed Environmental Matters to the Environmental Arbitrator. If Purchaser and Seller have not agreed upon a Person to serve as Environmental Arbitrator within ten (10) Business Days of a Party's election to submit such Disputed Environmental Matters to the Environmental Arbitrator, the Parties shall, within five (5) Business Days after the end of such ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association to choose the Environmental Arbitrator and submit such Disputed Environmental Matters along with such application. The Environmental Arbitrator shall not have worked as an employee or outside consultant for any Party or its Affiliates during the five (5) year period preceding the arbitration or have any financial interest in the dispute other than the payment of the Environmental Arbitrator's fees and expenses incurred as Environmental Arbitrator.

(c) In each case above, the arbitration proceeding shall be held in Houston, Texas and shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules do not conflict with the terms of this Section 3.10. The Title Arbitrator's or Environmental Arbitrator's determination, as applicable, shall be made within forty-five (45) days after submission of the matters in dispute and shall be final and binding upon the Parties, without right of appeal. In making their respective determinations, the Title Arbitrator and the Environmental Arbitrator shall be bound by the provisions of this Article 3 and may consider such other matters as, in the opinion of the Title Arbitrator or Environmental Arbitrator (as applicable), are necessary or helpful to make a proper determination. The Title Arbitrator and Environmental Arbitrator may consult with and engage disinterested Third Parties to advise the arbitrator, including petroleum engineers. The Title Arbitrator and Environmental Arbitrator shall act as experts for the limited purpose of determining the specific disputed Title Defect Amounts, Title Benefit Amounts, and Environmental Defect Amounts submitted by any Party and may not award damages, interest, or penalties to any Party with respect to any matter. Seller and Purchaser shall each bear their own legal fees and other costs of presenting their respective cases. Purchaser shall bear one-half of the costs and expenses of the Title Arbitrator and Environmental Arbitrator, and Seller shall be responsible for the remaining one-half of the costs and expenses. The Title Arbitrator may not award Purchaser a greater Title Defect Amount than the Title Defect Amount claimed by Purchaser in its applicable Title Defect Claim Notice or a greater Title Benefit Amount than that claimed by Seller in its position statement delivered to the Title Arbitrator. The Environmental Arbitrator may not award Purchaser a greater Environmental Defect Amount than the Environmental Defect Amount claimed by Purchaser in its applicable Environmental Defect Claim Notice.

3.11 Notice to Holders of Consent and Preferential Purchase Rights. Promptly after the Execution Date (but in any event no later than five (5) Business Days following the Execution Date), Seller shall (a) prepare and send (i) notices to the holders of any consents to assignment or similar rights that are applicable to or triggered by any of the Transactions contemplated by this Agreement (including, for purposes of clarity, the Material Consents and all other consents and similar rights that are set forth on Schedule 4.8(b)) requesting the consent of each such Person to the Transactions (or a waiver of such consent right) and (ii) notices to the holders of any applicable preferential rights to purchase or similar rights that are applicable to or triggered by any of the Transactions (including, for purposes of clarity, those set forth on Schedule 4.8(a)) in compliance with the terms of such rights and requesting waivers of such rights, in each case, using forms of such notices that are reasonably acceptable to Purchaser and (b) provide Purchaser with a true and complete copy of each such notice promptly after Seller's delivery thereof in accordance with this Section 3.11. Seller shall use commercially reasonable efforts to obtain all such consents and similar approvals (or waivers thereof) and waivers of all preferential rights and other similar rights prior to the Target Closing Date; *provided, however*, that Seller shall not be required to make any payments or undertake any obligations for the benefit of the holders of such rights in order to obtain the required consents and waivers. Upon receipt of Seller's written request, Purchaser shall use commercially reasonable efforts to cooperate in good faith with Seller in seeking to obtain such any and all such consents, approvals, permissions, and waivers; provided, however, that Purchaser shall not be obligated to spend any monies or undertake any obligations (other than requesting such consents and waivers) in connection therewith. Seller covenants and agrees that it shall promptly provide written notice to Purchaser after becoming aware of any actual or threatened dispute, disagreement or proceeding affecting or with respect to any consent, preferential rights and other similar rights affecting or relating to the Transactions.

3.12 Consent Requirements.

(a) Subject to, and without limitation of, Section 3.12(c), unless the Parties otherwise agree in writing, in no event shall there be transferred at Closing any Asset for which a Material Consent has not been obtained prior to Closing. Seller shall deliver a written notice to Purchaser on or before five (5) Business Days prior to the Target Closing Date setting forth each Material Consent which, as of such date, has not been satisfied or waived (or that is otherwise subject to an actual or threatened dispute) and Purchaser shall thereafter have the continuing right until the date that is one (1) Business Day prior to the Target Closing Date to elect to waive the receipt (or waiver) of any such Material Consent, in which case, such Material Consent shall be deemed to have been obtained prior to Closing with respect to the affected Asset(s) for all purposes of this Agreement.

(b) In cases in which the Asset subject to such an un-obtained Material Consent is an Asset other than a Property, and Purchaser is assigned the Property or Properties to which such Asset relates, but such Asset is not transferred to Purchaser due to the un-waived Material Consent requirement, the Parties shall continue after Closing and until the date of the final adjustment to the Unadjusted Purchase Price under Sections 8.4(b) and/or 8.4(c), as applicable (the "Final Adjustment Date"), to use commercially reasonable efforts to obtain the Material Consent so that such Asset can be transferred to Purchaser upon receipt of the Material Consent (or waiver thereof), and, if permitted pursuant to applicable Law and agreement, such Asset shall be held by Seller for the benefit of Purchaser, Purchaser shall pay all amounts due thereunder or with respect thereto, and Purchaser shall be responsible for the performance of any obligations under or with respect to such Asset to the extent that Purchaser has been transferred the Assets necessary to such performance until the applicable Material Consent is obtained. Notwithstanding the foregoing, neither Party shall be required to make any payments or undertake any obligations for the benefit of the holders of any un-obtained Material Consents subject to this Section 3.12(b) in connection with obtaining (or attempting to obtain) any such Material Consent (or a waiver thereof).

(c) In cases in which the Asset subject to such a Material Consent requirement is a Property and the Material Consent to the transfer of such Property (or a waiver thereof) is not obtained by Closing, Purchaser shall have the right to elect to exclude the Property subject to such Material Consent and, subject to the remainder of this Section 3.12(c), (i) the affected Property shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced at Closing by the Allocated Value of such Property, (iii) such Property shall be deemed to be deleted from Exhibit A-1, Exhibit A-2 and/or Exhibit A-3 attached hereto, as applicable, and added to Schedule 1.3 attached hereto and (iv) such Property shall constitute an Excluded Asset for all purposes hereunder. The Parties shall continue to use commercially reasonable efforts to obtain the Material Consent so that such Asset can be transferred to Purchaser upon receipt of the Material Consent, and if any such Material Consent requirement with respect to which an adjustment to the Unadjusted Purchase Price is made under Section 2.3(b) is subsequently satisfied (or waived) prior to the date of the final adjustment to the Unadjusted Purchase Price under Section 8.4(b) or Section 8.4(c), as applicable, (A) Seller shall, promptly after such Material Consent requirement is satisfied (or waived), convey the applicable Property to Purchaser, (B) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Property (or portion thereof) at such delayed Closing; (C) Purchaser shall, simultaneously with the conveyance of the applicable Property (or portion thereof), pay the amount of any previous deduction from the Unadjusted Purchase Price (subject to all other applicable adjustments with respect to such Property (or portion thereof) under this Agreement) to Seller, and (D) such Property shall no longer be deemed to be (x) deleted from Exhibit A-1 and/or Exhibit A-2 attached hereto, (y) added to Schedule 1.3 attached hereto or (z) an Excluded Asset for any purposes hereunder. Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Property (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, if positive, shall be paid by Purchaser to Seller, and, if negative, by Seller to Purchaser.

3.13 Preferential Purchase Rights.

(a) Any preferential purchase right must be exercised subject to all terms and conditions set forth in this Agreement, including the successful Closing of this Agreement pursuant to Section 8.1 on the dates set forth herein. The consideration payable under this Agreement for any particular Asset for purposes of preferential purchase right notices shall be the Allocated Value for such Asset, adjusted as set forth herein.

(b) If any preferential right to purchase any Asset is validly exercised prior to Closing, (i) the affected Asset (or portion(s) thereof) shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced by the Allocated Value of such Asset (or portion(s) thereof), (iii) such Asset (or portion(s) thereof) shall be deemed to be deleted from the applicable Exhibits attached hereto and added to Schedule 1.3 attached hereto, (iv) such Asset shall constitute an Excluded Asset for all purposes hereunder, and (v) Seller shall convey the affected Asset (or portion(s) thereof) to the preferential right holder on the terms and provisions set out in the applicable preferential right provision and shall be entitled to the consideration paid by such holder.

(c) Should a third Person fail to validly exercise or waive its preferential right to purchase as to any portion of the Assets prior to Closing, and the time for exercise or waiver has not yet expired by Closing, then (i) such Assets (or portions thereof) shall not be conveyed to Purchaser at Closing, (ii) the Unadjusted Purchase Price shall be reduced by the Allocated Value of each such Asset (or portion thereof subject to such preferential purchase right); (iii) each such affected Asset (or portion thereof) shall be subject to the remainder of this Section 3.13(c) and Section 3.13(d), and (iv) Seller shall continue to use commercially reasonable efforts (without the obligation to make any payments or undertake any obligations for the benefit of the holders of such preferential rights to purchase) to obtain the waiver of the preferential purchase right and shall continue to be responsible for the compliance therewith. Should the holder of the preferential purchase right validly exercise the same after Closing, (A) such affected Asset shall be deemed to be deleted from the applicable Exhibits attached hereto and added to Schedule 1.3 attached hereto, (B) such Asset (or portion thereof) shall constitute an Excluded Asset for all purposes hereunder, and (C) Seller shall convey the affected Asset (or portion thereof) to the preferential right holder on the terms and provisions set out in the applicable preferential right provision and Seller shall be entitled to the consideration paid by such holder.

(d) In the event that, after Closing, a preferential purchase right with respect to an Asset (or portion thereof) not conveyed to Purchaser at Closing pursuant to Section 3.13(c) is waived in writing or the time for exercise of such right has expired pursuant to its terms without exercise by the holder thereof, (i) Purchaser shall purchase the affected Asset (or portion thereof) on the terms set forth in this Agreement at a delayed closing which shall occur within ten (10) Business Days following the date on which Seller obtains such waiver, or the time period for exercising the applicable preferential right has expired (which date shall, with respect to such Asset, or portion thereof, be considered to be the Closing Date with respect to such Asset (or applicable portion thereof)), (ii) the Parties shall deliver all instruments and documents that would have been required under the terms hereof to be delivered at Closing with respect to such Asset (or portion thereof) at such delayed Closing; and (iii) Purchaser shall, simultaneously with the conveyance of the applicable Asset (or portion thereof), pay the amount of any previous deduction from the Unadjusted Purchase Price (subject to all other applicable adjustments with respect to such Asset (or portion thereof) under this Agreement) to Seller, and (iv) such Asset shall no longer be (A) deemed to be deleted from the Exhibits attached hereto, (B) added to Schedule 1.3 attached hereto or (C) an Excluded Asset for any purposes hereunder. Purchase Price adjustments calculated in the same manner as the adjustments in Section 2.3(a) with respect to the affected Asset (or portion thereof), if any, shall be calculated from the period from and after the Effective Date to the date of the conveyance, and the net amount of such adjustment, if positive, shall be paid by Purchaser to Seller, and, if negative, by Seller to Purchaser.

3.14 Limitations on Applicability. Purchaser's right to allege Title Defects and Environmental Defects pursuant to this Article 3 shall terminate as of the Defect Claim Date and shall have no further force and effect thereafter, provided there shall be no termination of Purchaser's or Seller's rights under Section 3.8 with respect to any Environmental Defect, Title Defect or Title Benefit claim properly reported on or before the Defect Claim Date.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to the provisions of this Article 4, and the other terms and conditions of this Agreement, Seller represents and warrants to Purchaser the following as of the Execution Date, and effective upon the Closing, as of the Closing Date:

4.1 Seller.

(a) Seller is a limited liability company duly organized, validly existing, and in good standing under the Laws of the state of Delaware.

(b) Seller has the limited liability company power and authority to enter into and perform its obligations under this Agreement and each other Transaction Agreement to which it is a party and to consummate the Transactions contemplated by this Agreement and such other Transaction Agreements.

(c) The execution, delivery and performance of this Agreement (and each other Transaction Agreement to which Seller is a party), and the consummation of the Transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary limited liability company action on the part of Seller. This Agreement has been duly executed and delivered by Seller (and at Closing each other Transaction Agreement to which Seller is a party will have been duly executed and delivered by Seller), and this Agreement constitutes the valid and binding obligations of Seller, and at the Closing each other Transaction Agreement to which Seller is a party will be the valid and binding obligation of Seller, in each case enforceable in accordance with their terms except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) The execution, delivery and performance of this Agreement by Seller, and the consummation of the transactions contemplated by this Agreement do not (i) violate any provision of the certificate of incorporation or formation or the limited liability company agreement or bylaws, as applicable, of Seller, (ii) result in a default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation, or acceleration under any note, bond, mortgage, indenture, or other financing instrument to which Seller or any of its Affiliates is a party or by which it is bound, (iii) violate any judgment, order, ruling, or decree applicable to Seller or any of its Affiliates as a party in interest, or (iv) violate any Laws applicable to Seller or any of its Affiliates, except any matters described in clauses (ii), (iii), or (iv) above which would not have a Seller Material Adverse Effect.

4.2 **Litigation**. Except as set forth on Schedule 4.2: (a) there are no actions, suits, or proceedings pending, or, to Seller's knowledge, threatened in writing, before any Governmental Authority or arbitrator with respect to the Assets or Seller's ownership, use or operation of the Assets; (b) there are no actions, charges, suits, or proceedings pending, or, to Seller's knowledge, threatened in writing, before any Governmental Authority or arbitrator against Seller or its Affiliates, which are reasonably likely to impair or delay materially Seller's ability to perform its obligations under this Agreement; and (c) none of Seller, its Affiliates or the Assets are subject to any material outstanding judgments, writs, orders, injunctions or decrees issued, made, entered or rendered by any Governmental Authority; provided that Seller makes no representation or warranty in this clause (c) as to any judgments, orders, writs, rules, injunctions or decrees which are, or contain issues, of broad applicability to, or which broadly affect, the Hydrocarbon exploration and production industry.

4.3 **Taxes and Assessments**. Except as disclosed on Schedule 4.3:

(a) all material Asset Taxes that have become due and payable by Seller or any of its Affiliates have been duly paid, and all Tax Returns required to be filed by Seller or any of its Affiliates with respect to such Asset Taxes have been duly and timely filed and each such Tax Return is true, correct and complete in all material respects;

(b) all withholding Tax requirements imposed on or with respect to the Assets have been satisfied in all material respects;

(c) there are no liens (other than liens for current period Taxes not yet due and payable) on any of the Assets attributable to unpaid Taxes;

(d) there is not currently in effect any extension or waiver of any statute of limitations in any jurisdiction regarding the assessment or collection of any Asset Tax;

(e) no extension of time within which to file any Tax Return with respect to Asset Taxes is currently in effect;

(f) no audit, litigation or other proceeding with respect to material Asset Taxes has been commenced by any Governmental Authority or is presently pending, and Seller has not received written notice of any pending claim against it from any applicable Governmental Authority for assessment of material Asset Taxes and, to Seller's knowledge, no such claim has been threatened; and

(g) other than the Tax partnership created pursuant to the Sabalo Farmout Agreement and the Sabalo TPA (such Tax partnership, the "Sabalo Tax Partnership") (i) none of the Assets are subject to any Tax partnership agreement or are otherwise treated as held in an arrangement requiring a partnership Income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code and (ii) subject to, and without limitation of, Section 9.9, the Sabalo Tax Partnership does not have in effect a valid election under Code Section 754 for the Taxable year that includes the Closing Date.

The representations and warranties set forth in this Section 4.3 are the sole representations and warranties in this Agreement related to Taxes or Tax matters, and only in the case of the representations and warranties contained in Sections 4.3(a) and 4.3(b), may not be relied upon for any Tax period (or portion thereof) beginning on or after the Closing Date.

4.4 Compliance with Laws. Except with respect (i) Environmental Laws (for which Seller's sole representations and warranties are set forth in Section 4.15), (ii) Tax Laws (for which Seller's sole representations and warranties are set forth in Section 4.3), and (iii) except as disclosed on Schedule 4.4, Seller's and its Affiliates' ownership of the Assets (and, to Seller's knowledge, the operation of the Assets by any applicable Third Parties during Seller's period of ownership) is and has been in compliance with all applicable Laws in all material respects.

4.5 Material Contracts. Schedule 4.5 sets forth a true, complete and accurate list of all Material Contracts as of the Execution Date (including any and all amendments, supplements thereto (and all currently applicable written waivers of any of the terms thereof)) either (a) entered into directly by Seller or (b) if not directly entered into by Seller, to Seller's knowledge, to the extent binding on the Assets or Purchaser's ownership thereof after Closing. None of Seller or any of its Affiliates or, to Seller's knowledge, any other Person, is in material breach of or material default under any Material Contract except as disclosed on Schedule 4.5. To Seller's knowledge, all Material Contracts are in full force and effect and constitute legal and binding obligations of Seller and/or its applicable Affiliate(s). Except as disclosed on Schedule 4.5, no written notice of default or breach has been received or delivered by Seller or any of its Affiliates under any Material Contract, the resolution of which is outstanding as of the Execution Date, and there are no current notices that have been received by Seller or any of its Affiliates of the exercise of any premature termination, price redetermination, market-out, or curtailment of any Material Contract. Seller has provided or made available to Purchaser complete and accurate copies of all Material Contracts (including any and all amendments, supplements thereto (and all currently applicable written waivers of any of the terms thereof)) prior to the Execution Date.

4.6 Payments for Production. To Seller's knowledge, none of Seller or any of its Affiliates is obligated by virtue of a take-or-pay payment, advance payment, or other similar payment (other than Royalties established in the Leases or reflected on Exhibit A-1 or Exhibit A-2, minimum throughput commitments covered by Section 4.20, imbalances covered by Section 4.7, and gas balancing agreements or other agreements relating to any of the foregoing), to deliver Hydrocarbons, or proceeds from the sale thereof, attributable to Seller's or any of its Affiliates' interest in the Properties at some future time without receiving payment therefor at or after the time of delivery.

4.7 Imbalances. Except as set forth on Schedule 4.7 and to Seller's knowledge, as of the date set forth on Schedule 4.7, none of Seller or any of its Affiliates has, and its and their interests in the Assets are not subject to, any production, transportation, plant, or other imbalances with respect to production from or allocated the Properties.

4.8 Material Consents and Preferential Purchase Rights.

(a) Except as set forth on Schedule 4.8(a), there are no preferential rights to purchase, rights of first offer, rights of first refusal, tag-along rights or similar rights which, in each case, may be applicable to the sale or transfer of any right, title or interest in or to any of the Assets (including, for purposes of clarity, the operation thereof) by Seller or any of its Affiliates as contemplated by this Agreement.

(b) Except as set forth on Schedule 4.8(b) and except for consents and approvals of Governmental Authorities that are customarily obtained after Closing, there are no Material Consents which may be applicable to the sale or transfer of any right, title or interest in or to any of the Assets (including, for purposes of clarity, the operation thereof) by Seller or any of its Affiliates as contemplated by this Agreement.

4.9 Liability for Brokers' Fees. None of Purchaser or any of its Affiliates shall, directly or indirectly, have any responsibility, liability, or expense as a result of undertakings or agreements of Seller or any of its Affiliates for brokerage fees, finder's fees, agent's commissions, or other similar forms of compensation to an intermediary in connection with the negotiation, execution or delivery of this Agreement or any agreement or transaction contemplated hereby.

4.10 Bankruptcy. There are no bankruptcy, reorganization, or receivership proceedings pending, being contemplated by, or, to Seller's knowledge, threatened against Seller or any of its Affiliates (whether by Seller, any of its Affiliates or a third Person). Neither Seller nor any of its Affiliates is insolvent and no such Person shall be rendered insolvent by the consummation of any of the transactions contemplated by this Agreement.

4.11 Wells and Equipment. To Seller's knowledge, and except as set forth on Schedule 4.11:

(a) all Wells have been drilled and completed within the limits permitted by all applicable Leases and no Well is subject to penalties on allowables with regard to time periods after the Effective Date because of any overproduction or any other violation of Laws; and

(b) Seller has defensible title to, or a valid leasehold interest in, all Equipment and other personal property included in the Assets, free and clear of any liens, encumbrances, obligations, or defects except for Permitted Encumbrances.

4.12 Non-Consent Operations. Except as set forth on Schedule 4.12 or Exhibit A-2, none of Seller or any of its Affiliates has elected not to participate in any operation or activity proposed with respect to the Properties which could result in any of Seller's or its Affiliates' interests in such Properties becoming subject to a penalty or forfeiture as a result of such election not to participate in such operation or activity.

4.13 Outstanding Capital Commitments. To Seller's knowledge, except as set forth on Schedule 4.13, as of the Execution Date, there are no outstanding authorities for expenditure which are binding on the Properties and which Seller reasonably anticipates will individually require expenditures by Seller (or Purchaser in its capacity as the owner of the Properties after the Closing Date) in excess of One Hundred Thousand Dollars ($100,000), net to the interest of Seller.

4.14 **Hedges**. There are no futures, options, swaps, or other derivatives with respect to the sale of Hydrocarbons from the Assets that will be binding on the Assets after Closing.

4.15 **Environmental**. Except as set forth in Schedule 4.15:

(a) To Seller's knowledge, the Assets are in compliance with Environmental Laws in all material respects (other than any non-compliance that has been previously cured or otherwise resolved in accordance with applicable Environmental Laws);

(b) To Seller's knowledge, during the past twelve (12) months, there has been no release of Hazardous Substances on or from the Assets for which there are material investigative or remediation obligations under Environmental Laws and for which remedial or corrective action has not been taken pursuant to Environmental Laws or that has not been previously cured or otherwise resolved in accordance with applicable Environmental Laws;

(c) To Seller's knowledge, Seller (or the applicable Third Party operator of the applicable Assets) has obtained and is maintaining in full force and effect (and, to the extent applicable, has timely filed applications to renew) all material permits, certificates, licenses, approvals, and authorizations under applicable Environmental Laws required or necessary for its ownership of the Assets as currently owned by Seller or any of its Affiliates (the "Environmental Permits") and no written notice of violation of the terms of such permits, certificate, licenses, approvals, and authorizations has been received by Seller or any of its Affiliates, the resolution of which is outstanding as of the Execution Date;

(d) Neither Seller nor any of its Affiliates has entered into, and, to Seller's knowledge, the Assets are not subject to, any agreements, consents, orders, decrees or judgments of any Governmental Authority, that are in existence as of the Execution Date, that are based on any Environmental Laws and that relate to the current or future use, ownership or operation of any of the Assets;

(e) Neither Seller nor any of its Affiliates has received written notice from any Person of (i) any material violation of, alleged material violation of or material non-compliance with any Environmental Laws relating to the Assets or (ii) any release or disposal of any Hazardous Substance concerning any land, facility, asset or property included in the Assets, in each case, that has not been previously cured or otherwise resolved to the satisfaction of the relevant Governmental Authority and for which Seller has no further material obligations outstanding;

(f) Copies of all final written reports of environmental site assessments and/or compliance audits by a Third Party on behalf of Seller or any of its Affiliates or that are otherwise in Seller's or any of its Affiliates' possession or control, in each case, that have been prepared in the three (3) years prior to the Execution Date have been, in each case, provided or made available to Purchaser prior to the Execution Date; and

(g) This Section 4.15 constitutes Seller's sole representation and/or warranty regarding the environmental condition of the Assets (or the Assets' compliance with Environmental Law) or Seller's compliance with, or violation of, Environmental Laws regarding the Assets.

4.16 **Permits**. Other than with respect to Environmental Laws and Environmental Permits (which are handled in Section 4.15), Seller has obtained and is maintaining in full force and effect (and, to the extent applicable, has timely filed applications to renew) all material permits, certificates, licenses, approvals, and authorizations under applicable Laws required or necessary for the Seller's and its applicable Affiliates' ownership of the Assets as currently owned by Seller and its Affiliates (together with the Environmental Permits, collectively, the "Permits") and no written notice of violation of the terms of such Permits (other than the Environmental Permits) has been received by Seller or any of its Affiliates, the resolution of which is outstanding as of the Execution Date.

4.17 **Leases**. To Seller's knowledge:

(a) except as set forth on Schedule 4.17(a), there are currently pending no written requests or written notices or demands that have been received by Seller or any of its Affiliates alleging (i) that any payment required under the Leases has not been paid or Seller or any of its Affiliates has failed to perform any of its material obligations under any of the Leases and (ii) as a result thereof, the applicable Lease has terminated or is terminable; and

(b) except as set forth on Schedule 4.17(b), neither Seller nor any Affiliate of Seller has received from any other party to any Lease any unresolved written notice stating (i) a reasonable basis to terminate, forfeit or unilaterally modify such Lease or (ii) that an event has occurred which constitutes (or with notice or lapse of time, or both, would constitute) a material breach under any Lease.

4.18 **Credit Support**. Schedule 4.18 sets forth a complete and accurate list of all cash deposits, guarantees, letters of credit, treasury securities, surety bonds and other forms of credit assurances or credit support provided by Seller or any of its Affiliates in support of the obligations of Seller and its Affiliates to any Governmental Authority, contract counterparty or other Person related to the ownership of the Assets (collectively, the "Credit Support").

4.19 **Insurance**. Schedule 4.19 sets forth a true and correct list of all insurance policies maintained by or for the benefit (in each case, directly or indirectly) of Seller or its Affiliates with respect to the Assets. All premiums due on such insurance policies have either been paid or, if not yet due, accrued. All such insurance policies are in full force and effect and enforceable in accordance with their terms.

4.20 **Dedications; Minimum Volume Commitments**.

(a) None of Seller or any of its Affiliates has directly entered into any, and to Seller's knowledge there is no, Contract binding on or applicable to the Assets (i) that contains a commitment for Seller or any such Affiliate to provide a minimum volume of Hydrocarbons to another Person (except for and excluding any minimum volume of Hydrocarbons committed under a customary base contract for the sale and purchase of natural gas, as amended or supplemented) or (ii) that requires Seller or any such Affiliate to pay a deficiency payment or similar obligation (or become subject to any penalty or similar Damages) in the event Seller or any such Affiliate fails to provide the applicable minimum volume of Hydrocarbons in such relevant time period.

(b) Except as set forth on Schedule 4.20, none of Seller or any of its Affiliates has directly entered into any, and to Seller's knowledge there is no, Contract binding on or applicable to the Assets pursuant to which any portion of the Assets is dedicated or Hydrocarbons produced therefrom are otherwise required to be delivered to a certain Person.

4.21 **Casualty; Condemnation**. As of the Execution Date, to Seller's knowledge, no taking (whether permanent, temporary, whole or partial) is pending or threatened (in writing) with respect to any part of the Assets by reason of condemnation or the threat of condemnation or eminent domain.

4.22 Investment Representations.

(a) Seller (i) is an experienced and knowledgeable investor, (ii) is able to bear the economic risks of the acquisition and ownership of the Purchaser Common Stock constituting the Stock Purchase Price, (iii) is capable of evaluating (and has evaluated) the merits and risks of investing in the Purchaser Common Stock and its acquisition and ownership thereof, (iv) is an "accredited investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act, (v) is acquiring the shares of Purchaser Common Stock constituting the Stock Purchase Price for its own account and not with a view to a sale, distribution or other disposition thereof in violation of the Securities Act, and the rules and regulations thereunder, any applicable blue sky Laws, or any applicable other securities Laws, and (vi) acknowledges and understands that (A) the shares of Purchaser Common Stock constituting the Stock Purchase Price have not been registered under the Securities Act in reliance on an exemption therefrom and (B) the shares of Purchaser Common Stock constituting the Stock Purchase Price will, upon acquisition thereof by Seller, be characterized as "restricted securities" under state and federal securities Laws and may not be sold, transferred, offered for sale, pledged, hypothecated, or otherwise disposed of, except pursuant to an effective registration statement under the Securities Act or in a transaction exempt from, or otherwise not subject to, the registration requirements of the Securities Act, and in compliance with applicable state and federal securities Laws.

(b) Any distribution by Seller of shares of Purchaser Common Stock constituting the Stock Purchase Price will not be made in any manner or to any Person that will result in the offer and sale of Purchaser Common Stock pursuant to this Agreement being subject to the registration and prospectus delivery requirements of the Securities Act and the rules and regulations promulgated under the Securities Act. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby do not require the consent or vote of (nor shall any such consent or vote be sought) from any Person that is not an "accredited investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

4.23 Limitations.

(a) Subject to, and without limitation of, Purchaser's right to indemnification pursuant to Article 11, and except for instances of Fraud, the representations and warranties of Seller set forth in this Article 4, the corresponding certification in the certificate to be delivered at Closing pursuant to Section 8.2(e) as to the accuracy as of the Closing Date of the representations and warranties of Seller set forth in this Article 4, the Assignment and Bill of Sale and the terms and provisions of the other Transaction Documents, (i) Seller makes no other representations or warranties, express or implied, and (ii) Seller expressly disclaims all liability and responsibility for any representation, warranty, statement, or information made or communicated (orally or in writing) to Purchaser or any of its Affiliates, employees, agents, consultants, or other Representatives (including any opinion, information, projection, or advice that may have been provided to Purchaser by any officer, director, employee, agent, consultant, advisor or other Representative of Seller or any member of Seller Group).

(b) **SUBJECT TO, AND WITHOUT LIMITATION OF PURCHASER'S RIGHT TO INDEMNIFICATION PURSUANT TO ARTICLE 11, AND THE TERMS AND PROVISIONS OF THE OTHER TRANSACTION DOCUMENTS, AND EXCEPT FOR INSTANCES OF FRAUD, THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS ARTICLE 4, THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.2(F) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS ARTICLE 4, AND THE SPECIAL WARRANTY OF DEFENSIBLE TITLE IN THE ASSIGNMENT AND BILL OF SALE, SELLER MAKES NO, AND HEREBY EXPRESSLY DISCLAIMS, ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, OR STATUTORY AS TO (I) TITLE TO ANY OF THE ASSETS, (II) THE CONTENTS, CHARACTER, OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, OR ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT OF SELLER, OR ANY GEOLOGICAL OR SEISMIC DATA OR INTERPRETATION, RELATING TO THE ASSETS, (III) THE QUANTITY, QUALITY, OR RECOVERABILITY OF HYDROCARBONS IN OR FROM THE ASSETS, (IV) THE EXISTENCE OF ANY PROSPECT, RECOMPLETION, INFILL, OR STEP-OUT DRILLING OPPORTUNITIES, (V) ANY ESTIMATES OF THE VALUE OF THE ASSETS OR FUTURE REVENUES GENERATED BY THE ASSETS, (VI) THE PRODUCTION OF HYDROCARBONS FROM THE ASSETS, OR WHETHER PRODUCTION HAS BEEN CONTINUOUS, OR IN PAYING QUANTITIES, OR ANY PRODUCTION OR DECLINE RATES, (VII) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS, (VIII) INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT, (IX) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO PURCHASER OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES, OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO AND (X) COMPLIANCE WITH ANY ENVIRONMENTAL LAW OR THE ENVIRONMENTAL CONDITION OF ANY OF THE ASSETS, AND FURTHER DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, OR STATUTORY, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OF ANY EQUIPMENT, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES THAT, EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, THE ASSETS ARE BEING TRANSFERRED "AS IS, WHERE IS," WITH ALL FAULTS AND DEFECTS, AND THAT PURCHASER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS PURCHASER DEEMS APPROPRIATE TO ENTER INTO THIS AGREEMENT ON THE EXECUTION DATE. SELLER AND PURCHASER AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS SECTION ARE "CONSPICUOUS" DISCLAIMERS FOR PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER.**

(c) Inclusion of a matter on any of the Schedules which are referenced in this Article 4 (such Schedules, as amended in accordance with and subject to the terms of Section 6.8(a), the "Seller Disclosure Schedules") with respect to a representation or warranty that addresses matters having a Seller Material Adverse Effect shall not be deemed an indication that such matter does, or may, have a Seller Material Adverse Effect. The Seller Disclosure Schedules may include matters not required by the terms of the Agreement to be listed on the schedules, which additional matters are disclosed for purposes of information only, and inclusion of any such matter does not mean that all such matters are included. A matter scheduled on any of the Seller Disclosure Schedules as an exception for any representation and/or warranty shall be deemed to be an exception to all representations and/or warranties for which it is relevant, but only to the extent such relevance is reasonably apparent based on the manner in which such matter is scheduled.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Subject to the provisions of this Article 5, and the other terms and conditions of this Agreement, Purchaser represents and warrants to Seller the following as of the Execution Date and, effective upon the Closing, as of the Closing Date:

5.1 **Existence and Qualification**. Purchaser is a corporation organized, validly existing, and in good standing under the Laws of the state of Delaware.

5.2 **Power**. Purchaser has the corporate power and authority to enter into and perform its obligations under this Agreement and each other Transaction Agreement to which it is a party and to consummate the Transactions contemplated by this Agreement and such other Transaction Documents.

5.3 **Authorization and Enforceability**. The execution, delivery and performance by Purchaser of this Agreement and each other Transaction Agreement to which it is a party, and the consummation of the Transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser (and at Closing each other Transaction Agreement to which a Purchaser is a party will have been duly executed and delivered by Purchaser), and this Agreement constitutes the valid and binding obligations of Purchaser, and at Closing each other Transaction Agreement to which Purchaser is a party will be the valid and binding obligation of Purchaser, enforceable in accordance with their terms except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.4 **No Conflicts**. The execution, delivery and performance of this Agreement and the other Transaction Agreements by Purchaser, and the consummation of the Transactions, will not (a) violate any provision of the certificate of incorporation, bylaws or other governing instruments of Purchaser, (b) result in a material default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation, or acceleration under any material note, bond, mortgage, indenture, or other financing instrument to which Purchaser is a party or by which it is bound, (c) violate any judgment, order, ruling, or regulation applicable to Purchaser as a party in interest or (d) violate any Law applicable to Purchaser, except any matters described in clauses (b), (c), or (d) above which would not have a Purchaser Material Adverse Effect.

5.5 **Consents, Approvals or Waivers**. Except (a) as required in connection with the listing of the shares of Purchaser Common Stock constituting the Stock Purchase Price on the NYSE and (b) for any consent or approval of Governmental Authorities customarily obtained after Closing and assuming that Seller obtains all relevant consents to assignment or approvals it is required to obtain in connection with the Transactions contemplated hereby, the execution, delivery, and performance of this Agreement by Purchaser will not be subject to any consent, approval, or waiver from any Governmental Authority or other third Person. Without limitation of the foregoing, the consummation of the Transactions, including the issuance by Purchaser of the shares of Purchaser Common Stock constituting the Stock Purchase Price, do not and will not require any vote or approval of holders of shares of Purchaser Common Stock under applicable Law, the rules and regulations of the NYSE or the certificate of incorporation or bylaws of Purchaser.

5.6 **Valid Issuance**. At the Closing, the shares of Purchaser Common Stock constituting the Stock Purchase Price will be duly authorized, validly issued, fully paid and non-assessable, and such Purchaser Common Stock will not be (a) subject to or issued in violation of any preemptive rights, rights of first refusal, or other similar rights of any Person or (b) subject to any liens, claims, encumbrances or restrictions other than (i) restrictions on transfer under applicable securities Laws and (ii) any such liens, claims, encumbrances or restrictions arising exclusively by, through or under Seller or its Affiliates. Such shares of Purchaser Common Stock will be issued and granted in compliance in all material respects with applicable securities Laws and other applicable Laws. On the Execution Date Purchaser has, and at the Closing Purchaser will have, sufficient shares of Purchaser Common Stock that are authorized, unissued and not reserved for any other purpose to issue the shares of Purchaser Common Stock constituting the Stock Purchase Price.

5.7 Capitalization.

(a) As of the Execution Date, the authorized capital stock of Purchaser consists solely of (i) 22,500,000 shares of Purchaser Common Stock, of which 12,898,823 shares are issued and outstanding and (ii) 50,000,000 shares of preferred stock, $1.00 par value per share, of which no shares are issued and outstanding.

(b) All of the issued and outstanding shares of Purchaser Common Stock are duly authorized and have been validly issued in accordance with the certificate of incorporation and bylaws of Purchaser, are fully paid and non-assessable, and were not issued in violation of any preemptive rights, rights of first refusal, or other similar rights of any Person.

(c) Except as set forth in the SEC Documents filed prior to the Execution Date, there are no preemptive rights or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, subscription agreements, commitments or rights of any kind that obligate Purchaser to issue or sell any equity interests of Purchaser or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquired, any equity interest in Purchaser, and no securities or obligations evidencing such rights authorized, issued or outstanding.

(d) Purchaser does not have any outstanding bonds, debentures, notes or other obligations the holders of which have the rights to vote (or convertible into or exercisable for securities having the right to vote) with the holders of equity interests in Purchaser on any matter pursuant to such outstanding bonds, debentures, notes or other obligations.

5.8 SEC Documents, Financial Statements, No Liabilities.

(a) Purchaser has timely filed or furnished with the SEC all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since December 31, 2019 under the Securities Act or the Exchange Act (all such documents collectively, the "SEC Documents"). The SEC Documents, including any audited or unaudited financial statements and any notes thereto or schedules included therein (the "Financial Statements"), at the time filed or furnished (except to the extent corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date) (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein (in light of the circumstances under which they were made) not misleading, (ii) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as applicable, (iii) complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, (iv) in the case of the Financial Statements, were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or the omission of notes to the extent permitted by Regulation S-K or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC and subject, in the case of interim financial statements, to normal year-end adjustments), (v) in the case of the Financial Statements, fairly present in all material respects the consolidated financial condition, results of operations, and cash flow of Purchaser as of the dates and for the periods indicated thereon, and (vi) in the case of the Financial Statements, have been prepared in a manner consistent with the books and records of Purchaser and its subsidiaries. Since December 31, 2019, Purchaser has not made any change in the accounting practices or policies applied in the preparation of its financial statements, except as required by GAAP, SEC rule or policy or applicable Law (and except to the extent any such financial statements have been corrected by a subsequently filed or furnished SEC Document filed or furnished prior to the Execution Date). The books and records of Purchaser and its subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP (to the extent applicable) and any other applicable legal and accounting requirements and reflect only actual transactions.

(b) There are no liabilities of or with respect to Purchaser that would be required by GAAP to be reserved, reflected or otherwise disclosed on a consolidated balance sheet of Purchaser other than (i) liabilities reserved, reflected or otherwise disclosed in the consolidated balance sheet of Purchaser as of December 31, 2020, (ii) liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2020, (iii) any obligations or liabilities arising under or pursuant to or that are otherwise assumed by Purchaser pursuant to this Agreement or any other Transaction Document, (iv) fees and expenses paid or incurred in connection with the Transactions or (v) liabilities that would not reasonably be expected to have a Purchaser Material Adverse Effect.

5.9 Internal Controls; NYSE Listing Matters.

(a) Purchaser has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act, such disclosure controls and procedures are reasonable designed to ensure that material information required to be disclosed by Purchaser in the reports it files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such material information is accumulated and communicated to Purchaser's management as appropriate to allow timely decisions regarding required disclosure.

(b) Purchaser has established and maintains a system of internal control over financial reporting (as defined in Rules 13a 15(f) and 15d 15(f) under the Exchange Act) which is effective in providing reasonable assurance regarding the reliability of Purchaser's financial reporting and the preparation of the Financial Statements for external purposes in accordance with GAAP. Purchaser has disclosed, based on its most recent evaluation of Purchaser's internal control over financial reporting prior to the date hereof, to Purchaser's auditors and audit committee (i) any significant deficiencies and material weaknesses in the design or operation of Purchaser's internal control over financial reporting which would reasonably be expected to adversely affect Purchaser's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Purchaser's internal control over financial reporting.

(c) Since December 31, 2020, (i) Purchaser has not been advised by its independent auditors of any significant deficiency or material weakness in the design or operation of Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, (ii) Purchaser has no knowledge of any fraud, whether or not material, that involves management or other employees who have a significant role in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, and (iii) there have been no changes in Purchaser's internal control over financial reporting that would reasonably be expected to materially and adversely affect Purchaser's internal control over financial reporting, including any corrective actions with regard to any significant deficiency or material weakness.

(d) As of the Execution Date, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to the SEC Documents.

(e) Purchaser is in compliance in all material respects with the rules and regulations of the NYSE that are applicable to Purchaser.

(f) The Purchaser Common Stock is registered under Section 12(b) of the Exchange Act and listed on the NYSE, and Purchaser has not received any notice of deregistration or delisting from the SEC or the NYSE and no judgment, order, ruling, decree, injunction or award of any securities commission or similar securities regulatory authority or any other Governmental Authority, or of the NYSE, preventing or suspending trading in any securities of Purchaser has been issued and no proceedings for such purpose are, to Purchaser's knowledge, pending, contemplated or threatened. Purchaser has taken no action that is designed to terminate the registration of the Purchaser Common Stock under the Exchange Act or the listing of the Purchaser Common Stock on the NYSE.

5.10 **Absence of Certain Changes**. Since December 31, 2020, there has not occurred any Purchaser Material Adverse Effect or any event, occurrence, change, discovery or development of a state of circumstance or facts that would, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect.

5.11 **Compliance with Law**. Except as to specific matters disclosed in the SEC Documents filed prior to the Execution Date or as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, (a) Purchaser is, and during the past two years has been, in compliance with all applicable Laws, (b) Purchaser has not received written notice of any violation in any respect of any applicable Law, and (c) Purchaser has not received written notice that it is under investigation by any Governmental Authority for potential non-compliance with any Law.

5.12 **Litigation**.

(a) Except as to specific matters disclosed in the SEC Documents filed or furnished prior to the Execution Date (excluding any disclosures included in any "risk factor" section of such SEC Documents or any other disclosures in such SEC Documents to the extent they are predictive or forward looking and general in nature), there are no actions, suits or proceedings pending, or to Purchaser's knowledge, threatened in writing before any Governmental Authority or arbitrator against Purchaser or any of its subsidiaries that have had or would be reasonably expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect under clause (a) of the definition of Purchaser Material Adverse Effect.

(b) There are no actions, suits or proceedings pending, or to Purchaser's knowledge, threatened in writing before any Governmental Authority or arbitrator against Purchaser or any of its subsidiaries that have had or would be reasonably expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect under clause (b) of the definition of Purchaser Material Adverse Effect.

5.13 **Investment Company**. Purchaser is not, and immediately after the issuance and sale of the shares of Purchaser Common Stock constituting the Stock Purchase Price, will not be, required to register as an "investment company" or a company "controlled by" an entity required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.14 **Financing**. Purchaser has, or at the Closing will have, sufficient cash, available lines of credit, or other sources of immediately available funds to enable it to pay the Cash Closing Payment to Seller at the Closing and to fulfill its obligations under this Agreement.

5.15 **Form S-3**. As of the Execution Date, Purchaser is eligible to register the shares of Purchaser Common Stock constituting the Stock Purchase Price for resale by Seller under Form S-3 promulgated under the Securities Act.

5.16 **Independent Investigation**. Purchaser is (or its advisors are) experienced and knowledgeable in the oil and gas business and aware of the risks of that business. Purchaser acknowledges and affirms that (a) as of the Execution Date, it has completed such independent investigation, verification, analysis, and evaluation of the Assets and has made all such reviews and inspections of the Assets as it has deemed necessary or appropriate to enter into this Agreement, and (b) prior to or as of Closing, it will have completed its independent investigation, verification, analysis, and evaluation of the Assets and made all such reviews and inspections of the Assets as it deems necessary or appropriate to consummate the transactions contemplated hereby. Except for the representations and warranties expressly made by Seller in Article 4 of this Agreement, the Assignment and Bill of Sale or any other Transaction Document, and without limitation of Purchaser's remedies for Fraud, Purchaser acknowledges that there are no other representations or warranties, express or implied, as to the financial condition, liabilities, operations, business, or prospects of the Assets and that, in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, and subject to the foregoing, Purchaser has otherwise relied solely upon its own independent investigation, verification, analysis, and evaluation and the terms of this Agreement and the other Transaction Documents. Purchaser understands and acknowledges that neither the United States Securities and Exchange Commission nor any federal, state, or foreign agency has passed upon the Assets or made any finding or determination as to the fairness of an investment in the Assets or the accuracy or adequacy of the disclosures made to Purchaser, and, except as set forth in Article 10, Purchaser is not entitled to cancel, terminate, or revoke this Agreement.

5.17 **Liability for Brokers' Fees**. Except as otherwise expressly set forth in Section 10.3(a), none of Seller or any of its Affiliates shall, directly or indirectly, have any responsibility, liability, or expense as a result of undertakings or agreements of Purchaser or any of its Affiliates for brokerage fees, finder's fees, agent's commissions, or other similar forms of compensation to an intermediary in connection with the negotiation, execution, or delivery of this Agreement or any agreement or transaction contemplated hereby.

5.18 **Qualification; Bonding**. Without limiting Section 12.4, Purchaser is, or as of the Closing will be, qualified under applicable Laws to hold Leases, Rights of Way, and other rights included in the Assets which are issued by any applicable Governmental Authority. Subject to the accuracy of Seller's representations and warranties in Section 4.18, and without limitation of Section 12.4, Purchaser has, or as of the Closing will have, posted such Credit Support, and provided such evidence of such Credit Support, as may be required for the ownership of the Assets.

5.19 **Bankruptcy**. There are no bankruptcy, reorganization, or receivership proceedings pending, being contemplated by, or, to the knowledge of Purchaser, threatened against Purchaser or any Affiliate of Purchaser (whether by Purchaser or a third Person). Neither Purchaser nor any of its Affiliates is insolvent and no such Person shall be rendered insolvent by the consummation of any of the transactions contemplated by this Agreement.

5.20 **Limitations**.

(a) Without limiting Seller's right to indemnification pursuant to Article 11 and except for instances of Fraud, the representations and warranties of Purchaser set forth in this Article 5 or in the certificate of Purchaser to be delivered pursuant to Section 8.3(e), (a) Purchaser makes no representations or warranties, express or implied, and (b) Purchaser expressly disclaims all liability and responsibility for any representation, warranty, statement, or information made or communicated (orally or in writing) to Seller or any of its Affiliates, employees, agents, consultants, or Representatives (including any opinion, information, projection, or advice that may have been provided to Seller by any officer, director, employee, agent, consultant, Representative, or advisor of Seller or any member of Purchaser Group).

(b) Inclusion of a matter on any of the Schedules which are referenced in this Article 5 (such Schedules, as added, amended, modified and/or supplemented in accordance with and subject to the terms of Section 6.8(b), the "Purchaser Disclosure Schedules") with respect to a representation or warranty that addresses matters having a Purchaser Material Adverse Effect shall not be deemed an indication that such matter does, or may, have a Purchaser Material Adverse Effect. The Purchaser Disclosure Schedules may include matters not required by the terms of the Agreement to be listed on the schedules, which additional matters are disclosed for purposes of information only, and inclusion of any such matter does not mean that all such matters are included. A matter scheduled on any of the Purchaser Disclosure Schedules as an exception for any representation and/or warranty shall be deemed to be an exception to all representations and/or warranties for which it is relevant, but only to the extent such relevance is reasonably apparent based on the manner in which such matter is scheduled.

ARTICLE 6
COVENANTS OF THE PARTIES

6.1 **Access**. Upon execution of this Agreement until the Closing Date, subject to the limitations expressly set forth in this Agreement, Seller shall provide Purchaser and its Representatives reasonable access to the Assets (subject to obtaining the consent of any applicable Third Party operator of any of the Assets) and the right to copy, at Purchaser's sole expense, the Records in Seller's or any of its Affiliates' possession or control for the purpose of conducting a confirmatory review of the Assets and Records, but only to the extent that Seller may do so without (a) violating applicable Laws, (b) violating any obligations to any Third Party, (c) waiving any legal privilege of Seller, any of its Affiliates or its counselors, attorneys, accountants or consultants, and (d) to the extent that Seller has authority to grant such access without breaching any restriction binding on Seller. Such access by Purchaser shall be limited to Seller's normal business hours, and Purchaser's investigation shall be conducted in a manner that reasonably minimizes interference with the operation of the business of Seller and any applicable Third Party operator. Subject to the terms of this Agreement, all investigations and due diligence conducted by Purchaser or any of Purchaser's Representatives shall be conducted at Purchaser's sole cost, risk and expense and any conclusions made from any examination done by Purchaser or any of Purchaser's Representatives shall result from Purchaser's own independent review and judgment. Seller shall use commercially reasonable efforts (but without the obligation to incur any out-of-pocket costs, expenses, or the obligation to undertake any liability or other obligations to or by Seller) to (i) obtain permission for Purchaser to gain access to Third Party operated Assets to inspect the condition of the same; provided, however, that Seller shall have no liability to Purchaser (or otherwise be in breach of this agreement) for failure to obtain such operator's permission and (ii) obtain a waiver of confidentiality obligations owed to any Third Parties or establish any necessary confidential relationships with Third Parties reasonably required to allow Purchaser to view and access the Records. Seller or its designee shall have the right to accompany Purchaser and its Representatives whenever they are on site on the Assets.

6.2 **Notification of Breaches**. Without limiting the Seller Group's or the Purchaser Group's respective rights to indemnification or to assert their respective rights to seek indemnification, as applicable, pursuant to Article 11, until the Closing,

(a) Purchaser shall notify Seller promptly after Purchaser obtains knowledge that any representation or warranty of Seller contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Seller prior to or on the Closing Date has not been so performed or observed in any material respect; and

(b) Seller shall notify Purchaser promptly after Seller obtains knowledge that any representation or warranty of Purchaser contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Purchaser prior to or on the Closing Date has not been so performed or observed in any material respect.

If either Party has notice that (i) any of the other Party's representations or warranties are untrue or shall become untrue in any material respect between the date hereof and the Closing Date, or (ii) any of the other Party's covenants or agreements to be performed or observed prior to or on the Closing Date shall not have been so performed or observed in any material respect, but, in each case, if such breach of representation, warranty, covenant, or agreement shall (if curable) actually be fully cured on or before the Closing or if the Closing otherwise occurs notwithstanding such breach, then such breach shall be considered not to have occurred for all purposes of this Agreement.

6.3 **Press Releases**. Until the Closing, neither Seller nor Purchaser, nor any Affiliate thereof, shall make any press release or public disclosure or statement regarding the existence of this Agreement, the contents hereof, or the transactions contemplated hereby without the prior written consent of Purchaser (in the case of announcements by Seller or its Affiliates) or Seller (in the case of announcements by Purchaser or its Affiliates), which consent shall not be unreasonably withheld or delayed; provided, however, the foregoing shall not restrict disclosures by Purchaser or Seller (i) with respect to a press release or disclosure by Purchaser, after Purchaser has, if and to the extent reasonably practicable, provided Seller with the opportunity to review and provide comments to any such proposed press release or disclosure (which comments shall, if and to the extent reasonably practicable, be considered in good faith by Purchaser), (ii) to the extent that such disclosures are required by applicable securities or other Laws or the applicable rules of any stock exchange having jurisdiction over the disclosing Party or its Affiliates, (iii) to Governmental Authorities and Third Parties holding preferential rights to purchase, rights of consent or other rights that may be applicable to the transactions contemplated by this Agreement, as reasonably necessary to provide notices, seek waivers, amendments or terminations of such rights, or seek such consents, or (iv) to such Party's investors and members, and current or prospective financing sources, including Seller's Affiliates' investors and limited partners, and to prospective investors or other Persons as part of fundraising or marketing activities undertaken by Seller's Affiliates or Manager and its affiliates provided such disclosures are made to Persons subject to an obligation of confidentiality with respect to such information. Seller and Purchaser shall each be liable for the compliance of its respective Affiliates, and Seller shall be responsible for the compliance by Manager and its affiliates, with the terms of this Section. The Parties agree that neither Purchaser nor Seller may have an adequate remedy at law if any of the foregoing Persons violate (or threaten to violate) any of the terms of this Section 6.3. In such event, Purchaser or Seller, as applicable, shall have the right, in addition to any other it may have, to seek injunctive relief to restrain any breach or threatened breach of the terms of this Section 6.3.

6.4 **Operation of Business**. Except (v) as set forth on Schedule 6.4-Part A, (w) for the operations covered by the authorities for expenditures and other capital commitments described on Schedule 4.13, (x) for actions taken in connection with emergency situations or as may be required by Law, (y) as expressly required by this Agreement or (z) as expressly consented to in writing by Purchaser (which consent shall not be unreasonably delayed, withheld or conditioned, except in the case of clauses (d)(ii), (g), (j), (k) or (m)), until Closing Seller shall:

(a) not transfer, sell, hypothecate, encumber, or otherwise transfer or dispose of any of the Assets, except for (i) sales and dispositions of Hydrocarbons made in the ordinary course of business and (ii) other sales and dispositions made in the ordinary course of business and not exceeding, individually, One Hundred Thousand Dollars ($100,000), or, in the aggregate, One Million Dollars ($1,000,000), in each case, for which the Purchase Price is reduced based on the consideration received (except there shall be no such reduction to the Purchase Price in the case of Equipment that is replaced, at no cost or expense to Purchaser (whether through an adjustment to the Purchase Price or otherwise) with equipment or materials of comparable or better value and utility in connection with the maintenance, repair, and operation of the Assets);

(b) not (i) terminate, (ii) amend or modify (other than in a *de minimis* respect), or (iii) waive, release, grant, transfer or fail to enforce any significant rights under, (iv) execute, or (v) extend any Contract that, in each case, is (or upon execution would be) a Material Contract;

(c) maintain insurance coverage on the Assets in the amount and of the types currently maintained by Seller (if any) and not make any election to be excluded from any coverage provided by an operator for the joint account pursuant to a joint operating, unit operating, or similar Contract;

(d) (i) not amend or modify any Lease or Right of Way (other than in a *de minimis* respect) and (ii) use commercially reasonable efforts to maintain in full force and effect all Leases and Rights of Way, to the extent, with respect to any Lease, that such Leases are capable of producing in paying quantities at Hydrocarbon prices in effect as of the date that Seller or any Third Party proposes to relinquish any such Leases or allow any such Leases to terminate or expire; provided, in no event shall Seller have any obligation to make any payment or undertake any drilling or operational activity to hold or extend any Lease or Right of Way so long as Seller provides written notice to Purchaser at least ten (10) Business Days in advance of such termination or expiration and Purchaser expressly consents in writing to the same in its sole discretion; and, if Purchaser does not so expressly consent, then Seller must make the relevant payment and/or undertake the relevant operational activity to hold or extend such Lease;

(e) conduct its business with respect to the Assets in the usual, regular and ordinary manner consistent with past practice;

(f) maintain the Records in the usual, regular and ordinary manner, in accordance with the usual accounting practices of Seller;

(g) not plug or abandon any well located on the Assets unless required by Law or Contract;

(h) (i) submit to Purchaser for prior written approval (in its sole discretion), all written requests received by Seller or its Affiliates for operating or capital expenditures relating to the Assets that involve individual commitments of more than One Hundred Thousand Dollars ($100,000), net to Seller's interest, and (ii) not propose, approve or consent to (or non-consent to) any operation or activity (or series of related operations or activities) on the Assets or otherwise commit to make any capital expenditure or operating expense, in each case, reasonably anticipated to cost the owner of the Assets more than One Hundred Thousand Dollars ($100,000), net to Seller's interest; provided, however, that, notwithstanding the foregoing, the Seller have the right to participate any operation or activity (or propose or make a commitment to make any capital expenditure or operating expense) with respect to any of the Assets that is, in each case, primarily related to operations or activities with respect to the maintenance or replacement of any failed or malfunctioning electric submersible pump (ESP) located on the Assets if, and to the extent the costs and expenses paid and/or incurred (or contemplated to be paid and/or incurred) in connection therewith would not, and would not reasonably be expected to, cost the owner of the affected Assets more than Two Hundred Thousand Dollars ($200,000), net to Seller's interest;

(i) maintain in all material respects (i) all material Permits that are maintained by Seller or any of its Affiliates with respect to the Assets as of the Execution Date and (ii) all Credit Support;

(j) not elect to go non-consent pursuant to a joint operating agreement as to any proposed operation on any of the Leases or Wells;

(k) not voluntarily abandon any of the Assets other than as required pursuant to the terms of a Lease or applicable Law;

(l) not waive, compromise or settle any right or claim with respect to any of the Assets, except to the extent (i) such right is an Excluded Asset or would not reasonably be expected to adversely affect (other than in a *de minimis* respect) the ownership, operation or value of the Assets after Closing or (ii) such claim is a Retained Obligation and would not adversely affect, or be reasonably expected to adversely affect, Purchaser or the ownership or operation of the Assets after Closing;

(m) timely pay all Asset Taxes that become due and payable prior to the Closing (other than those being contested in good faith in appropriate proceedings); and

(n) not enter into any agreement or commitment to do or not do, as applicable, any of the foregoing.

Requests for approval of any action restricted by this Section 6.4 shall be delivered to either of the individuals listed on Schedule 6.4-Part B, which requests may be delivered electronically to such individual's email address set forth on Schedule 6.4-Part B (provided that receipt of such email is requested and received, including automatic receipts), each of whom shall have full authority to grant or deny such requests for approval on behalf of Purchaser.

Purchaser's approval of any action restricted by this Section 6.4 shall not be unreasonably withheld or delayed (except as expressly provided in the introduction to this Section 6.4) and shall be considered granted in full within five (5) Business Days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Seller's notice) of delivery of Seller's notice to Purchaser requesting such consent unless Purchaser notifies Seller to the contrary during that period. Notwithstanding the foregoing provisions of this Section 6.4, in the event of an emergency, Seller may take such action as reasonably necessary and shall notify Purchaser of such action promptly thereafter. Purchaser acknowledges that Seller owns undivided interests in the Assets and may not be the operator of all of the Assets, and Purchaser agrees that the acts or omissions of Third Parties (including the applicable operators of the Assets) who are not Affiliates of Seller shall not constitute a violation of the provisions of this Section 6.4, nor shall any action required by a vote of Working Interest owners constitute such a violation so long as Seller and its controlled Affiliates have voted their respective interests or exercised any applicable rights under any applicable Contracts in a manner consistent with the provisions of this Section 6.4. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Purchaser pursuant to this Section 6.4 would, in and of itself, constitute a breach of one or more of Seller's representations and warranties in Article 4 or Seller's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Seller to which Purchaser expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements.

6.5 **Indemnity Regarding Access**. Purchaser's access to the Assets and its (and its Affiliates and Representatives) examinations and inspections, whether under Sections 6.1, 3.4, or otherwise, shall be at Purchaser's sole risk, cost, and expense, and Purchaser **WAIVES AND RELEASES ALL CLAIMS AGAINST SELLER, ITS AFFILIATES, AND EACH MEMBER OF THE SELLER GROUP, ARISING IN ANY WAY THEREFROM, OR IN ANY WAY CONNECTED THEREWITH, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSONS**. Purchaser agrees to indemnify, defend, and hold harmless Seller and each member of the Seller Group, the other owners of interests in the Properties, and all such Persons' directors, officers, employees, agents, and other Representatives from and against any and all Damages, including Damages attributable to personal injury, death, or property damage, to the extent arising out of, or relating to, access to the Assets prior to the Closing by Purchaser, its Affiliates, or its or their respective directors, officers, employees, agents, or other Representatives, **EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSONS AND EXCEPT TO THE EXTENT SUCH DAMAGES ARE ATTRIBUTABLE TO THE DISCOVERY OF CONDITIONS EXISTING ON THE ASSETS PRIOR TO THE EXECUTION DATE. SUBJECT TO, AND WITHOUT LIMITATION OF PURCHASER'S RIGHT TO INDEMNIFICATION PURSUANT TO ARTICLE 11 FOR BREACHES OF, OR INACCURACIES IN, SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE 4 OR SET FORTH IN THE CORRESPONDING CERTIFICATION IN THE CERTIFICATE TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 8.2(F) AS TO THE ACCURACY AS OF THE CLOSING DATE OF THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN ARTICLE 4, AND THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THE OTHER TRANSACTION DOCUMENTS, AND EXCEPT FOR INSTANCES OF FRAUD (AS DEFINED HEREIN), PURCHASER RECOGNIZES AND AGREES THAT ALL MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION OF ANY TYPE AND NATURE MADE AVAILABLE TO IT, ITS AFFILIATES OR REPRESENTATIVES, IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY, WHETHER MADE AVAILABLE PURSUANT TO ARTICLE 6 OR OTHERWISE, ARE MADE AVAILABLE TO IT AS AN ACCOMMODATION, AND WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, OR STATUTORY, AS TO THE ACCURACY AND COMPLETENESS OF SUCH MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION, AND NO WARRANTY OF ANY KIND IS MADE BY SELLER AS TO SUCH INFORMATION SUPPLIED TO PURCHASER OR ITS AFFILIATES OR REPRESENTATIVES AND PURCHASER EXPRESSLY AGREES THAT, SUBJECT TO THE FOREGOING LIMITATIONS, ANY RELIANCE UPON SUCH INFORMATION, OR CONCLUSIONS DRAWN THEREFROM, SHALL BE THE RESULT OF ITS OWN INDEPENDENT REVIEW AND JUDGMENT.**

6.6 **Governmental Reviews**.

(a) Seller and Purchaser shall each in a timely manner make (or cause their applicable Affiliates to make) (i) all required filings, and prepare applications to, and conduct negotiations with, each Governmental Authority as to which such filings, applications or negotiations are necessary or appropriate in the consummation of the transactions contemplated hereby, and (ii) provide such information as the other may reasonably request in order to make such filings, prepare such applications and conduct such negotiations. Each Party shall cooperate with and use all reasonable efforts to assist the other with respect to such filings, applications and negotiations. Purchaser shall bear the cost of all filing or application fees payable to any Governmental Authority with respect to the transactions contemplated by this Agreement, regardless of whether Purchaser, Seller, or any Affiliate of any of them is required to make the payment.

(b) Without limitation of Section 12.4, on or before the Closing Date, Purchaser shall post or obtain such Credit Support that is set forth on Schedule 4.18 as may be required for Purchaser's ownership of the Assets, and shall provide Seller with evidence of the same.

(c) Promptly after Closing, Purchaser (with the assistance of Seller, subject to Section 12.3) shall make all filings with any applicable Governmental Authority (including in each applicable county), as may be required to properly assign and transfer the Assets from Seller to Purchaser.

6.7 **Further Assurances**. After Closing, Seller and Purchaser each agrees to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other for carrying out the purposes of this Agreement or of any document delivered pursuant to this Agreement.

6.8 **Supplemental Disclosures**.

(a) Purchaser agrees that, with respect to the representations and warranties of Seller contained in this Agreement, Seller shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement, amend or create any Seller Disclosure Schedules to its representations and warranties in Article 4 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Seller Disclosure Schedules and Seller shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Purchaser. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Purchaser set forth in Article 7 have been fulfilled or satisfied, the Seller Disclosure Schedules to Seller's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Purchaser set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Purchaser elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, the Seller Disclosure Schedules shall be deemed to include the relevant matters disclosed pursuant to such addition, supplement or amendment prior to Closing that resulted in such conditions not being satisfied or fulfilled and Purchaser shall not be entitled to make a claim under Section 11.3(b)(iii) with respect to a breach of the relevant representation or warranty in Article 4 with respect thereto after Closing.

(b) Seller agrees that, with respect to the representations and warranties of Purchaser contained in this Agreement, Purchaser shall have the continuing right until three (3) Business Days before the Closing Date to, in good faith, add to, supplement, amend or create any Purchaser Disclosure Schedules to its representations and warranties in Article 5 to the extent necessary to identify any matter first arising after the Execution Date which, if existing on the Execution Date, would have been required to be set forth or described in such Purchaser Disclosure Schedules and Purchaser shall provide any additional information regarding such matter that is within its possession or control to the extent reasonably requested by Seller. For all purposes of this Agreement, including for purposes of determining whether the conditions to Closing of Seller set forth in Article 7 have been fulfilled or satisfied, the Purchaser Disclosure Schedules to Purchaser's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if as a result of the matter that is the subject of such addition, supplement or amendment the conditions to Closing of Seller set forth in Article 7 are not satisfied or fulfilled as of the Closing Date, and nonetheless Seller elects to waive such conditions and proceed with the Closing, and the Closing shall occur, then, for purposes of Article 11, the Purchaser Disclosure Schedules shall be deemed to include the relevant matters disclosed pursuant to such addition, supplement or amendment prior to Closing that resulted in such conditions not being satisfied or fulfilled and Seller shall not be entitled to make a claim under Section 11.3(a)(iii) with respect to a breach of the relevant representation or warranty in Article 5 with respect thereto after Closing.

6.9 **Reserved**.

6.10 **Reserved**.

6.11 **NYSE Listing**. Purchaser shall use its reasonable best efforts to cause the shares of Purchaser Common Stock constituting the Stock Purchase Price to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing.

6.12 **Conduct of Purchaser**. Except (x) as set forth on Schedule 6.12 Part A, (y) for actions taken in as may be required by Law or (z) with the prior written consent of Seller (which consent shall not be unreasonably delayed, withheld or conditioned), from the Execution Date until the Closing, Purchaser shall and shall cause its subsidiaries to:

(a) except as contemplated by the definitive proxy statement on Schedule 14A filed by Purchaser with the SEC on April 1, 2021, (i) not amend the certificate of incorporation of Purchaser and (ii) not amend the bylaws of Purchaser in a manner that would adversely affect in any material respect the shares of Purchaser Common Stock to be issued to Seller hereunder or Seller's rights with respect thereto;

(b) not declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock or other equity interests, except for dividends or distributions (i) by a wholly-owned subsidiary of Purchaser to its parent or (ii) which constitute a Reclassification Event for which an adjustment is made pursuant to Section 2.1(c);

(c) not reclassify, combine, split or subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any Purchaser Common Stock, other than withholding and sale of Purchaser Common Stock to satisfy Income Tax withholding payments due upon vesting of employee equity awards;

(d) not adopt any plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization or otherwise effect any transaction whereby by any Person or group acquires more than a majority of the outstanding shares of Purchaser Common Stock;

(e) not take any action, or fail to take any action, which action or failure would reasonably be expected to cause Purchaser to be ineligible to file a registration statement on Form S-3 promulgated under the Securities Act; and

(f) not enter into an agreement or commitment with respect to any of the foregoing.

Requests for approval of any action restricted by this Section 6.12 shall be delivered to either of the individuals set forth on Schedule 6.12-Part B, which requests may be delivered electronically to such individual's email address set forth on Schedule 6.12-Part B (provided that receipt of such email is requested and received, including automatic receipts), each of whom shall have full authority to grant or deny such requests for approval on behalf of Seller.

Seller's approval of any action restricted by this Section 6.12 shall not be unreasonably withheld or delayed and shall be considered granted in full within five (5) Business Days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Purchaser's notice) of delivery of Purchaser's notice to Seller requesting such consent unless Seller notifies Purchaser to the contrary during that period. If any specific action or inaction that is expressly approved (and not, for the avoidance of doubt, considered granted due to the expiration of the five (5) Business Day period described above) by Seller pursuant to this Section 6.12 would, in and of itself, constitute a breach of one or more of Purchaser's representations and warranties in Article 5 or Purchaser's covenants or agreements contained in this Agreement, the taking of such action or any such inaction by Purchaser to which Seller expressly consented shall not, in and of itself, constitute a breach of such representations, warranties, covenants or agreements.

6.13 **Seller Financial Statements and Cooperation**. As soon as reasonably practicable following the Execution Date (and in any event within thirty (30) days following the Execution Date), Seller shall deliver or cause to be delivered to Purchaser (a) audited financial statements of Seller (that conform in form and substance to that required by Purchaser's Auditor and, for purposes of clarity, may be delivered by Sabalo on behalf of Seller) as of, and for the years ended, December 31, 2020 and 2019, including the balance sheets of Seller as of December 31, 2020 and 2019, together with (i) the related statements of income, changes in owners' equity, and cash flow for the periods then ended, (ii) related notes and (iii) SMOG calculations for the years ended December 31, 2020 and 2019 and (b) interim unaudited financial statements of Seller as of, and for the three-month period ended, March 31, 2021, including the balance sheet of Seller as of March 31, 2021 together with (i) the related statements of income, changes in owners' equity, and cash flow for the three-month period then ended, (ii) related notes and (iii) SMOG calculations for the three-month period, in each case, as prepared in accordance with US generally accepted accounting principles. In addition, from and after the Execution Date until the Closing Date, Seller shall use reasonable efforts to direct its consultants, accountants, reserve engineers, agents and other Representatives to, during customary business hours, cooperate with Purchaser and independent auditors chosen by Purchaser ("Purchaser's Auditor") in connection with any audit by Purchaser's Auditor of any financial statements of Seller or reserve reports with respect to the Properties, in each case, relating to the period prior to the Closing Date, or other actions that Purchaser reasonably requires to comply with the requirements under state and federal securities Laws. Such cooperation will include (i) reasonable access to Seller's officers, managers, employees, consultants, agents and Representatives who were responsible for preparing or maintaining the financial records and work papers and other supporting documents used in the preparation of such financial statements as may be required by Purchaser's Auditor to perform an audit or conduct a review in accordance with generally accepted auditing standards or to otherwise verify such financial statements; (ii) using commercially reasonable efforts to obtain the consent of the independent auditor(s) and reserve engineer(s) of Seller or, if applicable, Sabalo, that conducted any audit of such financial statements or prepared any reserve reports to be named as an expert in (A) any filings that may be made by Purchaser under the Securities Act or required by the SEC under securities Laws applicable to Purchaser or any report required to be filed by Purchaser under the Exchange Act in connection with the transactions contemplated by this Agreement or (B) any prospectus or offering memorandum for any equity or debt financing of Purchaser; (iii) providing information in connection with Purchaser's preparation of responses to any inquiries by regulatory authorities relating to the foregoing financial statements and/or reserve reports; (iv) providing information with respect to property descriptions of the Assets necessary to execute and record a deed of trust for any financing activities; (v) using reasonable efforts to provide, at least ten (10) Business Days prior to the Closing, all documentation and other information about Seller as is reasonably requested by Purchaser which relates to applicable "know your customer" and anti-money laundering rules and regulations (including without limitation the USA PATRIOT ACT); (vi) delivery of one or more customary representation letters from Seller or, if applicable, Sabalo, to the auditor of the Financial Statements that are reasonably requested by Purchaser to allow such auditors to complete an audit (or review of any financial statements) and to issue an opinion with respect to an audit of those financial statements required pursuant to this Section 6.14; and (vii) using commercially reasonable efforts to cause the independent auditor(s) or reserve engineer(s) of Seller or, if applicable, Sabalo, that conducted any audit of such financial statements to provide customary "comfort letters" to any underwriter or purchaser in connection with any equity or debt financing of Purchaser. Notwithstanding the foregoing, (x) nothing herein shall expand Seller's representations, warranties, covenants or agreements set forth in this Agreement or give Purchaser any rights to which it is not entitled hereunder, (y) nothing in this Section 6.14 shall require travel or the obligation to incur any out-of-pocket costs by any of the subject Persons in order to comply with the terms hereof and (z) Purchaser will make reasonable efforts to minimize any disruption associated with the cooperation contemplated by such Persons hereby.

6.14 **Reserved**.

6.15 **Exclusivity**. From and after the Execution Date until the earlier to occur of the Closing or the termination of this Agreement in accordance with Article 10, except as expressly permitted by Section 6.4, Seller shall not, and shall cause each of its Affiliates and each of its and their respective Representatives not to, (a) enter into any agreement (binding or nonbinding), solicit, initiate, encourage, share information for the purpose of marketing or selling any or all of the Assets or negotiate with any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) with respect to any other transaction of any kind involving or related to the sale (whether by merger, stock or asset sale or any other similar disposition, consolidation or combination of any of the foregoing) of any or all of the Assets (an "Alternative Transaction"), (b) assist, encourage or permit any effort or attempt by any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as a Representative of Purchaser)) to attempt to do or seek to do any of the foregoing, and (c) furnish any information relating to the Assets or afford access to any of the Assets to any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) for the purpose of assisting with or facilitating an Alternative Transaction. Without limitation of the foregoing, upon execution of this Agreement, Seller will, and will cause its Representatives to, (i) terminate any and all existing discussions or negotiations with any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) regarding any Alternative Transaction and (ii) terminate the access of any Person (other than Purchaser or Purchaser's Representatives (solely in their respective capacities as Representatives of Purchaser)) to any electronic data rooms established in connection with the marketing of the Assets. Notwithstanding the foregoing, Seller, its Affiliates and each of its and their respective Representatives shall have the limited right to state in response to Third Party inquiries about the Assets that Seller is subject to the terms and conditions of a purchase and sale agreement with respect to the Assets.

6.16 **Further Actions**. Subject to the terms of this Agreement, and without limitation of each Party's respective rights and remedies under this Agreement, each Party shall use commercially reasonable efforts to take such actions as may be necessary to consummate the transactions contemplated by this Agreement.

6.17 **Sabalo-Shad Transaction Documents**. Notwithstanding anything to the contrary in this Agreement, Seller hereby expressly and irrevocably (a) waives any rights or remedies of any kind arising under or in connection with any of the Sabalo-Shad Transaction Documents solely with respect to and/or related to any assignment, conveyance or transfer by Sabalo to Purchaser pursuant to the Sabalo PSA of any right, title or interest in or to any assets, properties or interests that are bound by, subject to or otherwise related to any of the Sabalo-Shad Transaction Documents and (b) approves of and consents to any such assignment, conveyance and/or transfer.

ARTICLE 7
CONDITIONS TO CLOSING

7.1 **Conditions of Seller to Closing**. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, at the option of Seller, waiver in writing, on or prior to Closing of each of the following conditions:

(a) (i) The Purchaser Fundamental Representations shall be true and correct in all respects as of the Execution Date and as the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) and (ii) the other representations and warranties of Purchaser set forth in Article 5 shall be true and correct as of the Execution Date and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except, in the case of this clause (ii), for such failures of representations and warranties of Purchaser to be so true and correct as, individually or in the aggregate, would not reasonably be expected to have a Purchaser Material Adverse Effect; provided, however, that, except for Purchaser's representations and warranties set forth in Sections 5.8 and 5.10, any representation or warranty qualified by materiality or Purchaser Material Adverse Effect shall be deemed not to be so qualified for the purposes of this Section 7.1(a);

(b) Purchaser shall have performed and observed, in all material respects (and in all respects in the case of any covenants and agreements qualified by substantiality, materiality, Purchaser Material Adverse Effect), all covenants and agreements to be performed or observed by Purchaser under this Agreement prior to or on the Closing Date;

(c) On the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial Damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Seller or its Affiliates) shall be pending or threatened in writing before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial Damages from Seller or any Affiliate of Seller resulting therefrom;

(d) The net sum of all downward adjustments to the Purchase Price to be made or reasonably alleged in good faith pursuant to Sections 2.3(a) and 2.3(b) shall be less than or equal to fifteen percent (15%) of the Unadjusted Purchase Price;

(e) The shares of Purchaser Common Stock constituting the Stock Purchase Price shall have been approved for listing on the NYSE, subject only to official notice of issuance; and

(f) Purchaser shall have delivered or be prepared to deliver all of the deliverables Purchaser is required to deliver pursuant to Section 8.3.

7.2 **Conditions of Purchaser to Closing**. The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, at the option of Purchaser, waiver, on or prior to Closing of each of the following conditions:

(a) (i) The Seller Fundamental Representations shall be true and correct in all respects as of the Execution Date and as the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) and (ii) the other representations and warranties of Seller set forth in Article 4 shall be true and correct as of the Execution Date and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except, in the case of this clause (ii), for such failures of representations and warranties of Seller to be so true and correct as, individually or in the aggregate, would not reasonably be expected to have a Seller Material Adverse Effect; provided, however, that any representation or warranty qualified by materiality or Seller Material Adverse Effect shall be deemed not to be so qualified for the purposes of this Section 7.2(a);

(b) Seller shall have performed and observed, in all material respects (and in all respects in the case of any covenants and agreements qualified by substantiality, materiality, Seller Material Adverse Effect), all covenants and agreements to be performed or observed by it under this Agreement prior to or on the Closing Date;

(c) On the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial Damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Purchaser or any of its Affiliates) shall be pending or threatened in writing before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial Damages from Purchaser or any Affiliate of Purchaser resulting therefrom;

(d) The net sum of all downward adjustments to the Purchase Price to be made or reasonably alleged in good faith pursuant to Sections 2.3(a) and 2.3(b) shall be less than or equal to fifteen percent (15%) of the Unadjusted Purchase Price;

(e) Prior to, or contemporaneously with the occurrence of the Closing, the transactions contemplated by the Sabalo PSA shall have occurred (or, if applicable, shall be occurring contemporaneously with the Closing); provided, that this Section 7.2(e) shall cease to apply if and to the extent that (i) the Sabalo PSA is terminated by Sabalo solely and exclusively as a result of a breach or default of the Sabalo PSA by Purchaser and (ii) in connection with such termination, Sabalo receives the Sabalo Deposit pursuant to the terms of the Sabalo PSA; and

(f) Seller shall have delivered or be prepared to deliver all of the deliverables Seller is required to deliver pursuant to Section 8.2.

ARTICLE 8
CLOSING

8.1 Time and Place of Closing. The consummation of the purchase and sale of the Assets contemplated by this Agreement (the "Closing") shall, unless otherwise agreed to in writing by Purchaser and Seller, take place at the offices of Bracewell LLP located at 711 Louisiana Street, STE 2300, Houston, Texas 77002, at 10:00 a.m., local time, on July 1, 2021 (the "Target Closing Date"), or if all conditions in Article 7 to be satisfied prior to Closing have not yet been satisfied or waived, as soon thereafter as such conditions have been satisfied or waived, subject to the provisions of Article 10. The date on which the Closing occurs with respect to any Asset is referred to herein as the "Closing Date" for such Asset.

8.2 Obligations of Seller at Closing. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Purchaser of its obligations pursuant to Section 8.3, Seller shall deliver or cause to be delivered to Purchaser, among other things, the following:

(a) Counterparts of the Assignment and Bill of Sale, duly executed and acknowledged by Seller, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(b) Assignments in form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed and acknowledged (to the extent so required) by Seller, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(c) A certificate of non-foreign status of Seller meeting the requirements of Treasury Regulations Section 1.1445-2(b)(2);

(d) Letters-in-lieu of transfer or division orders executed by Seller to reflect the transaction contemplated hereby, which letters shall be on forms prepared by Seller and reasonably satisfactory to Purchaser;

(e) A certificate from Seller duly executed by an authorized officer of dated as of the Closing, certifying on behalf of Seller, that the conditions set forth in Sections 7.2(a) and 7.2(b) have been fulfilled;

(f) A validly executed IRS Form W-9 of Seller;

(g) Where notices of approval, consent, or waiver are received by Seller pursuant to a filing or application under Section 6.6, copies of such notices;

(h) Any other forms or instruments required by any Governmental Authority relating to the assignments or transfer of any interest in or to any of the Assets;

(i) Releases and terminations of any mortgages, deeds of trust, assignments of production, financing statements, and fixture filings burdening the Assets (including, for purposes of clarity, UCC-3s), which releases and terminations shall be in form and substance reasonably satisfactory to Purchaser;

(j) Joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Seller;

(k) A counterpart of the Indemnity Holdback Escrow Agreement, duly executed by Seller;

(l) A counterpart of the Registration Rights Agreement, duly executed by Seller;

(m) The Preliminary Settlement Statement, duly executed by Seller;

(n) If the closing of the transactions contemplated by the Sabalo PSA occurs contemporaneously with the Closing hereunder, releases of all of the Sabalo-Shad Transaction Documents, to release the Assets from the obligations and liabilities set forth therein or arising thereunder, which releases shall be in form and substance reasonably satisfactory to Purchaser; and

(o) All other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Purchaser.

8.3 **Obligations of Purchaser at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Seller of its obligations pursuant to Section 8.2, Purchaser shall deliver or cause to be delivered to Seller, among other things, the following:

(a) (i) A wire transfer of the Cash Closing Payment in same-day funds to an account specified by Seller and (ii) the number shares of Purchaser Common Stock constituting the Stock Closing Payment;

(b) A wire transfer of the Defect Escrow Amount in same day funds to the Defect Escrow Account as provided in Section3.8(e), if applicable.

(c) Counterparts of the Assignment and Bill of Sale, duly executed and acknowledged by Purchaser, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(d) Assignments in form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed and acknowledged (to the extent so required) by Purchaser, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(e) A certificate duly executed by an authorized officer of Purchaser, dated as of the Closing, certifying on behalf of Purchaser that the conditions set forth in Sections 7.1(a) and 7.1(b) have been fulfilled;

(f) Where notices of approval, consent, or waiver are received by Purchaser pursuant to a filing or application under Section 6.6, copies of such notices;

(g) Evidence of replacement of all Credit Support to the extent required pursuant to Section 6.6(b);

(h) Any other forms or instruments required by any Governmental Authority relating to the assignments or transfer of any interest in or to any of the Assets;

(i) Joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Seller;

(j) A wire transfer of the Indemnity Holdback Amount in same-day funds to the Indemnity Holdback Escrow Account as provided in Section 8.5(a);

(k) A counterpart of the Indemnity Holdback Escrow Agreement, duly executed by Purchaser;

(l) A counterpart of the Registration Rights Agreement, duly executed by Purchaser;

(m) The Preliminary Settlement Statement, duly executed by Purchaser;

(n) Evidence reasonably satisfactory to Seller of the satisfaction of the condition set forth in Section 7.1(e); and

(o) All other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Seller.

8.4 Closing Payment and Post-Closing Purchase Price Adjustments.

(a) Not later than five (5) Business Days prior to the Closing Date, Seller shall in good faith prepare and deliver to Purchaser, using and based upon the best information available to Seller, a draft preliminary settlement statement (the "Preliminary Settlement Statement") setting forth Seller's good faith estimate of the (i) adjusted Purchase Price for the Assets as of the Closing Date and the Cash Purchase Price, in each case, after giving effect to all adjustments set forth in Section 2.3, and (ii) amount of (A) the Cash Purchase Price less (B) (1) the amount of the Deposit (together with all earnings, interest and income thereon), (2) the Defect Escrow Amount (if applicable), and (3) the Indemnity Holdback Amount, which shall constitute the dollar amount to be payable by Purchaser to Seller in cash at Closing (the "Cash Closing Payment") and (iii) the number of shares of Purchaser Common Stock constituting the Stock Purchase Price (the "Stock Closing Payment" and, together with the Cash Closing Payment, the "Closing Payment"). Seller shall supply to Purchaser reasonable documentation in the possession or control of Seller and its Affiliates to support the items for which adjustments are proposed or made in the Preliminary Settlement Statement delivered by Seller and a reasonably detailed explanation of any such adjustments and the reasons therefor. Within three (3) Business Days after receipt of Seller's draft Preliminary Settlement Statement, Purchaser may deliver to Seller a written report containing all changes that Purchaser proposes to be made to the Preliminary Settlement Statement, if any, together with a brief explanation of any such changes. The Preliminary Settlement Statement, as agreed upon by the Parties, will be used to adjust the Unadjusted Purchase Price at Closing; provided that if the Parties cannot agree on all adjustments set forth in the Preliminary Settlement Statement prior to the Closing, then any adjustments as set forth in the Preliminary Settlement Statement as presented by Seller (with any amendments or modifications thereto that were so agreed between the Parties) will be used to adjust the Unadjusted Purchase Price at Closing. For purposes of clarity, Purchaser's failure to propose any changes to the Preliminary Settlement Statement and/or Purchaser's agreement to all or any portion of the Preliminary Settlement Statement proposed by Seller shall not, and shall not be deemed or construed to, prejudice any of Purchaser's rights hereunder (including, for purposes of clarity, Purchaser's right to dispute any adjustment or amount set forth in the Preliminary Settlement Statement in connection with the final calculation and determination of the Purchase Price pursuant to Section 8.4(b) and/or 8.4(c), as applicable).

(b) As soon as reasonably practicable after the Closing but not later than the ninetieth (90th) day following the Closing Date, Seller shall prepare and deliver to Purchaser a draft statement setting forth the final calculation of the Purchase Price (the "Final Settlement Statement") and showing the calculation of each adjustment under Section 2.3, based on the most recent actual figures available for each adjustment. Seller shall make such reasonable documentation as is in Seller's or any of its Affiliates possession or control available to support the final figures set forth in the Final Settlement Statement. As soon as reasonably practicable, but not later than the thirtieth (30th) day following receipt of such Final Settlement Statement from Seller (as such time period may be extended as described below, the "Purchaser Comment Deadline"), Purchaser may deliver to Seller a written report containing any changes that Purchaser proposes be made to such Final Settlement Statement. Seller may deliver a written report to Purchaser on or prior to the Purchaser Comment Deadline reflecting any changes that Seller proposes to be made to the Final Settlement Statement as a result of additional information received after the Final Settlement Statement was first prepared and delivered to Purchaser hereunder (and if any such written report is delivered by Seller to Purchaser on or after the date that is five (5) Business Days before the Purchaser Comment Deadline, then the Purchaser Comment Deadline will be automatically extended for five (5) Business Days). If Purchaser does not deliver such report to Seller on or before the Purchaser Comment Deadline, Purchaser shall be deemed to have agreed with Seller's Final Settlement Statement, and such Final Settlement Statement shall become final and binding upon the Parties.

(c) The Parties shall undertake to agree on the Final Settlement Statement of the Purchase Price no later than ninety (90) days after the delivery to Purchaser of Seller's initial Final Settlement Statement. In the event that the Parties cannot reach agreement on the final Purchase Price within such period of time, any Party may refer the items of adjustment which are in dispute to, the Houston, Texas office of KPMG LLP, or, if such firm is not able or willing to serve, a nationally-recognized independent accounting firm or consulting firm mutually acceptable to both Purchaser and Seller (the "Accounting Arbitrator"), for review and final determination by arbitration. If Purchaser and Seller have not agreed upon a mutually acceptable alternate Person to serve as Accounting Arbitrator within ten (10) Business Days of receiving notice of KPMG LLP's unavailability, Seller shall, within ten (10) Business Days after the end of such initial ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association to choose the Accounting Arbitrator. The Accounting Arbitrator shall conduct the arbitration proceedings in Houston, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules do not conflict with the terms of this Section 8.4(c). The Accounting Arbitrator's determination shall be made within forty-five (45) days after submission of the matters in dispute and shall be final and binding on all Parties, without right of appeal. In determining the proper amount of any adjustment to the Purchase Price, the Accounting Arbitrator shall be bound by the terms of Article 2 and may not increase the Purchase Price more than the increase proposed by Seller nor decrease the Purchase Price more than the decrease proposed by Purchaser, as applicable. The Accounting Arbitrator shall act as an expert for the limited purpose of determining the specific disputed aspects of Purchase Price adjustments submitted by any Party and may not award damages, interest (except as expressly provided for in this Section 8.4(c)) or penalties to any Party with respect to any matter. Seller and Purchaser shall each bear their own legal and accounting fees and other costs of presenting its case to the Accounting Arbitrator. Seller shall bear one-half and Purchaser shall bear one-half of the costs and expenses of the Accounting Arbitrator. Within ten (10) days after the earlier of (i) the Purchaser Comment Deadline without delivery by Purchaser to Seller of any written report with respect to the Final Settlement Statement under Section 8.4(b) or (ii) the date on which the Parties or the Accounting Arbitrator, as applicable, finally determine the Purchase Price, (x) Purchaser shall pay to Seller in cash the amount by which the Purchase Price (less the Deposit (together with all earnings, interest and income thereon), the Defect Escrow Amount (if applicable) and the Indemnity Holdback Amount) exceeds the Closing Payment or (y) Seller shall pay to Purchaser in cash the amount by which the Closing Payment exceeds the final Purchase Price (less the Deposit (together with all earnings, interest and income thereon), the Defect Escrow Amount (if applicable) and the Indemnity Holdback Amount), as applicable.

(d) Purchaser shall use commercially reasonable efforts to assist Seller in preparation of the Final Settlement Statement under Section 8.4(b) by furnishing invoices, receipts, reasonable access to personnel, and such other assistance as may be reasonably requested by Seller to facilitate such process post-Closing (but in no event shall Purchaser be obligated to pay or incur any funds in connection with providing such assistance).

(e) All cash payments made or to be made under this Agreement to Seller shall be made by electronic transfer of immediately available funds to a bank account as may be specified by Seller in writing. All cash payments made or to be made hereunder to Purchaser shall be by electronic transfer of immediately available funds to a bank and account specified by Purchaser in writing.

8.5 Indemnity Holdback.

(a) On the Closing Date, Purchaser shall deposit into the Indemnity Holdback Escrow Account an amount equal to Eight Million Seven Thousand Eight Hundred Sixty-Seven and NO/100 Dollars ($8,007,867.00) in cash (the "Indemnity Holdback Amount"), for the purpose of securing the satisfaction and discharge of indemnity claims of Purchaser against Seller under this Agreement. For the avoidance of doubt, the Indemnity Holdback Amount represents a portion of, and is not in addition to, the Purchase Price and will reduce the Cash Closing Payment as provided in Section 8.4(a). The Indemnity Holdback Escrow Account shall be governed by the provisions of this Section 8.5 and an escrow agreement that Purchaser and Seller shall execute and deliver at Closing to the Escrow Agent (with each Party negotiating reasonably, in good faith and without undue delay) and which shall be in customary form and contain terms and provisions consistent with this Section 8.5 (the "Indemnity Holdback Escrow Agreement"). Except as expressly provided herein, the joint, written authorization of representatives of both Purchaser and Seller pursuant to the Indemnity Holdback Escrow Agreement shall be required for the disbursement of any portion of the Indemnity Holdback Amount.

(b) With respect to each claim for indemnification asserted by Purchaser against Seller pursuant to Article 11 during the period from and after the Closing Date up to the date that is eighteen (18) months following the Closing Date (the "Holdback Period"), upon final resolution or determination of such an indemnity claim by the Parties or in accordance with Section 12.5, such amount as would satisfy such finally resolved or determined indemnity claim will, to the extent it is capable of being satisfied (in whole or in part) by the amounts remaining in the Indemnity Holdback Escrow Account as of such time, be satisfied first from the Indemnity Holdback Escrow Account and Purchaser and Seller shall promptly (and in any event within two (2) Business Days after such resolution or determination) jointly instruct the Escrow Agent to disburse to Purchaser a portion of the Indemnity Holdback Amount equal to such amount. For the avoidance of doubt, disbursements from the Indemnity Holdback Escrow Account shall not be the sole and exclusive recourse of Purchaser for any breach of any representation, warranty or covenant of Seller pursuant to this Agreement or any other post-Closing liability of Seller pursuant to this Agreement (including any indemnity obligation), and, if such amounts in the Indemnity Holdback Escrow Account are insufficient to fully satisfy any amounts to which any member of the Purchaser Group may be entitled hereunder, such insufficiency shall not be deemed to prohibit, restrict or otherwise limit such member of the Purchaser Group from seeking recovery hereunder.

(c) If, upon the final resolution or determination of any such indemnity claim during the Holdback Period, Purchaser and Seller fail to deliver a joint written instruction to the Escrow Agent in accordance with Section 8.5(b), then the Escrow Agent shall, upon delivery by Purchaser or Seller to the Escrow Agent of a written final, non-appealable court order from a court of competent jurisdiction, disburse to Purchaser a portion of the Indemnity Holdback Amount equal to the amounts set forth in such court order.

(d) Purchaser and Seller shall jointly instruct the Escrow Agent to release to Seller (i) on December 15, 2021 (the "First Holdback Release Date"), an amount equal to fifty percent (50%) of the then-remaining Indemnity Holdback Amount *less* an amount equal to the aggregate amount of all outstanding claims for indemnification for which Purchaser has provided notice to Seller and that have not been previously satisfied in full (which amount shall remain part of the Indemnity Holdback Escrow Account until final resolution of such outstanding indemnity claims (the "Initial Release Disputed Claims")); provided, that if the amount of the then-remaining Indemnity Holdback Amount *less* the amount of the Initial Release Disputed Claims is equal to an amount that is equal to or less than fifty percent (50%) of the original Indemnity Holdback Amount, then no amounts will be released from the Indemnity Holdback Escrow Account on the First Holdback Release Date, and (ii) subject to the foregoing, on the first Business Day after the expiration of the Holdback Period, any amount then-remaining in the Indemnity Holdback Escrow Account except for any amounts retained in the Indemnity Holdback Escrow Account at such time in respect of any Initial Release Disputed Claims *plus* an amount equal to the aggregate amount of all outstanding claims for indemnification made subsequent to the First Holdback Release Date for which Purchaser has provided notice to Seller and that have not been previously satisfied (which amount shall remain part of the Indemnity Holdback Escrow Account until final resolution of such outstanding indemnity claims (the "Final Release Disputed Claims" and, together with the Initial Release Disputed Claims, the "Disputed Claims")). Upon final resolution or determination of all Disputed Claims by the Parties or in accordance with Section 12.7, as applicable, Purchaser and Seller shall deliver to the Escrow Agent joint written instructions to disburse to Purchaser from the Indemnity Holdback Escrow Account an amount equal to the amount so finally determined to be owed to Purchaser (if any), and all other amounts remaining in the Indemnity Holdback Escrow Account in respect of such Disputed Claim shall be disbursed to Seller. If Purchaser and Seller fail to deliver a joint written instruction to the Escrow Agent in accordance with the foregoing sentence within three (3) Business Days following the final resolution or determination of the applicable Disputed Claim, then the Escrow Agent shall, upon delivery by Purchaser or Seller to the Escrow Agent of a written final, non-appealable court order from a court of competent jurisdiction relating to such Disputed Claim, disburse an amount from the Indemnity Holdback Escrow Account in respect of such Disputed Claim as provided in the immediately preceding sentence.

ARTICLE 9
TAX MATTERS

9.1 Allocation of Asset Taxes.

(a) Seller shall be allocated and bear all Asset Taxes attributable to (i) any Tax period ending prior to the Effective Date and (ii) the portion of any Straddle Period ending immediately prior to the Effective Date, provided, however, with respect to both (i) and (ii), that Purchaser shall be allocated and bear Asset Taxes associated with the Hydrocarbons produced from, or attributable to, the Properties and sold during the period up to but excluding the Effective Date, if the amount earned from the sale is not received by Seller (including, for purposes of clarity, through an increase to the Unadjusted Purchase Price pursuant to Section 2.3) prior to the Cut-Off Date; provided, further, however, that Seller (not Purchaser) shall be allocated and bear the portion, if any, of the Asset Taxes described in the previous proviso that consist of penalties, interest or additions to any Tax to the extent attributable to a breach by Seller of the representations set forth in Section 4.3. Purchaser shall be allocated and bear all Asset Taxes attributable to (A) any Tax period beginning on or after the Effective Date and (B) the portion of any Straddle Period beginning on the Effective Date; *provided, however,* Seller (not Purchaser) shall be allocated and bear the portion, if any, of the Asset Taxes described in this sentence that consist of penalties, interest or additions to any Tax to the extent attributable to a breach by Seller of the representations set forth in Section 4.3.

(b) For purposes of determining the allocations described in Section 9.1(a), (i) Asset Taxes that are attributable to the severance or production of Hydrocarbons (other than such Asset Taxes described in clause (iii) below) shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred, (ii) Asset Taxes that are imposed on a transactional basis (other than such Asset Taxes described in clause (i) or (iii)), shall be allocated to the period in which the transaction giving rise to such Asset Taxes occurred, and (iii) Asset Taxes that are ad valorem, property or other Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the Effective Date and the portion of such Straddle Period beginning on the Effective Date by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the Effective Date, on the one hand, and the number of days in such Straddle Period that occur on or after the Effective Date, on the other hand. For purposes of clause (iii) of the preceding sentence, the period for such Asset Taxes shall begin on the date on which ownership of the applicable Assets gives rise to liability for the particular Asset Tax and shall end on the day before the next such date.

(c) To the extent the actual amount of an Asset Tax is not determinable at the time an adjustment to the Purchase Price is to be made with respect to such Asset Tax pursuant to Section 2.3 or Section 8.4, Seller and Purchaser shall utilize the most recent information available in estimating the amount of such Asset Tax for purposes of such adjustment. To the extent the actual amount of an Asset Tax (or the amount thereof paid or economically borne by a Party) is ultimately determined to be different than the amount that was taken into account in the final Purchase Price, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under this Section 9.1.

9.2 **Tax Returns**. Without limiting Purchaser's indemnification rights pursuant to Section 11.2(b), after the Closing Date, Purchaser shall (i) file (or cause to be filed) all Tax Returns with respect to Asset Taxes that are required to be filed after the Closing Date that relate to any Tax period ending before the Effective Date or any Straddle Period on a basis consistent with past practice except to the extent otherwise required by Law; provided that Purchaser shall use its reasonable best efforts, taking into account that the due date for a Tax Return may be contemporaneous with the closing of a Tax period, to submit each such Tax Return to Seller for its review and comment reasonably in advance of the due date therefor, and Purchaser shall incorporate any reasonable comments received from Seller up to five (5) days prior to the due date therefor and timely file any such Tax Return, and (ii) pay (or cause to be paid) prior to delinquency, all Asset Taxes relating to any Tax period that ends before or includes the Effective Date that become due after the Closing Date. In the case of any Tax Return described in clause (i) that includes Asset Taxes that are allocable to Seller pursuant to Section 9.1(a), Purchaser shall send to Seller a statement that apportions the Asset Taxes shown on such Tax Return between Purchaser and Seller in accordance with Section 9.1(a). Such statement shall be accompanied by proof of Purchaser's actual payment of such Asset Taxes. Within ten (10) Business Days of receipt of each such statement and proof of payment, Seller shall reimburse Purchaser for the portion of such Asset Taxes allocated to Seller in accordance with Section 9.1(a), except to the extent such Asset Taxes have decreased the Purchase Price pursuant to Section 2.3(h). Unless required by applicable Law or with Seller's prior written consent (not to be unreasonably withheld, conditioned or delayed), neither Purchaser or any of its Affiliates shall file, or cause to be filed, any amended Tax Return with respect to the Assets for any Tax period ending prior to the Effective Date or for any Straddle Period.

9.3 **Transfer Taxes**. To the extent that any Transfer Taxes are payable, Purchaser will be responsible for one hundred percent (100%) of all Transfer Taxes and shall prepare and file, or cause to be prepared and filed, all related Tax Returns. Purchaser and Seller shall reasonably cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any such Transfer Taxes.

9.4 **Cooperation on Tax Matters**. The Parties shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation, or other proceeding with respect to Taxes relating to the Assets. Such cooperation shall include the retention and (upon another Party's request) the provision of records and information that are relevant to any such Tax Return or audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided under this Agreement. Seller and Purchaser agree to retain all books and records with respect to Tax matters pertinent to the Assets relating to any Tax period beginning before the Closing Date until the expiration of the statute of limitations of the respective Tax periods and to abide by all record retention agreements entered into with any Governmental Authority.

9.5 **1031 Like-Kind Exchange Cooperation**. Seller and Purchaser agree that either or both of Seller and Purchaser may elect to treat the acquisition or sale of the Assets as an exchange of like-kind property under Section 1031 of the Code (an "Exchange"). Each Party agrees to use reasonable efforts to cooperate with the other Party in the completion of such an Exchange, including an Exchange subject to the procedures outlined in Treasury Regulations Section 1.1031(k)-1 and/or Internal Revenue Service Revenue Procedure 2000-37. Each of Seller and Purchaser shall have the right at any time prior to Closing to assign its rights under this Agreement for purposes of an Exchange to a qualified intermediary (as that term is defined in Treasury Regulations Section 1.1031(k)-1(g)(4)(iii)) or an exchange accommodation titleholder (as that term is defined in Internal Revenue Service Revenue Procedure 2000-37) to effect an Exchange. In connection with any such Exchange, any exchange accommodation title holder shall have taken all steps necessary to own the Assets under applicable Law. Each Party acknowledges and agrees that neither an assignment of a Party's rights under this Agreement nor any other actions taken by a Party or any other person in connection with the Exchange shall release any Party from, or modify, any of their respective liabilities and obligations (including indemnity obligations to each other) under this Agreement, and no Party makes any representations as to any particular Tax treatment that may be afforded to any other Party by reason of such assignment or any other actions taken in connection with the Exchange. Any Party electing to treat the acquisition or sale of the Assets as an Exchange shall be obligated to pay all additional costs incurred hereunder as a result of the Exchange, and in consideration for the cooperation of the other Party, the Party electing Exchange treatment shall agree to pay all costs associated with the Exchange and to indemnify and hold the other Party, its Affiliates, and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives harmless from and against any and all Damages and Taxes arising out of, based upon, attributable to or resulting from the Exchange or transactions or actions taken in connection with the Exchange that would not have been incurred by the other Party but for the electing Party's Exchange election.

9.6 **Refunds**. Seller shall be entitled to any and all refunds of Seller Taxes. If Purchaser or its Affiliates receives a refund of Taxes to which Seller is entitled pursuant to this Section 9.6, Purchaser shall forward, and shall cause its Affiliates to forward, to Seller the amount of any such refund within ten (10) days after such credit or refund is received.

9.7 **Tax Proceedings**. Purchaser shall, within five (5) days of receipt, provide Seller with written notice of any inquiries, audits, examinations or proposed adjustments by any Governmental Authority, which relates to any Asset Taxes for any Tax period ending prior to the Effective Date or any Straddle Period (each, a "Pre-Effective Date Tax Proceeding"); provided that the failure of Purchaser to give notice of a Pre-Effective Date Tax Proceeding shall not relieve the Seller of its obligations under this Agreement, except to the extent Seller is materially prejudiced by such failure. Seller shall have the option to control the conduct and resolution of any Pre-Effective Date Tax Proceeding that relates solely to a Tax period ending prior to the Effective Date. Seller may exercise such option by providing written notice to Purchaser within fifteen (15) days of receiving written notice of any such Pre-Effective Date Tax Proceeding from Purchaser. If Seller elects to control a Pre-Effective Date Tax Proceeding, Seller shall (i) keep Purchaser informed of the progress of any such Pre-Effective Date Tax Proceeding, (ii) provide Purchaser with copies of material correspondence with respect to any such Tax Proceeding, (iii) permit Purchaser (or Purchaser's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Pre-Effective Date Tax Proceeding (at Purchaser's cost), and (iv) not effect any settlement or compromise of any such Pre-Effective Date Tax Proceeding without the written consent of Purchaser, not to be unreasonably conditioned, delayed or withheld. Purchaser shall control any Pre-Effective Date Tax Proceeding that relates solely to a Tax period ending before the Effective Date that Seller does not elect to control or any Pre-Effective Date Tax Proceeding that relates to any Straddle Period; provided, that, Purchaser shall (i) keep Seller informed of the progress of any such Pre-Effective Date Tax Proceeding, (ii) provide Seller with copies of material correspondence with respect to any such Tax Proceeding, (iii) permit Seller (or Seller's counsel) to participate in meetings (including conference calls) with the applicable Governmental Authority with respect to any such Pre-Effective Date Tax Proceeding (at Seller's cost), and (iv) not effect any settlement or compromise of any such Pre-Effective Date Tax Proceeding without the written consent of Seller, not to be unreasonably conditioned, delayed or withheld. In the event of a conflict between the provisions in this Section 9.7 and those in Section 11.4, this Section 9.7 shall control.

9.8 **Allocation of Purchase Price**. After the Closing, the Parties shall cooperate in good faith to allocate the Unadjusted Purchase Price, Assumed Obligations, and all other items constituting consideration for applicable Income Tax purposes (to the extent known) among the Assets in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder and in a manner consistent with Schedule 2.2 (the "Allocation"). If Seller and Purchaser reach an agreement with respect to the Allocation, Seller and Purchaser shall report, and cause their respective Affiliates to report, the transactions contemplated by this Agreement consistently with such agreed-upon Allocation on any Tax Return, including Internal Revenue Service Form 8594, as applicable, and will not assert, and will cause their respective Affiliates not to assert, in connection with any Tax audit or other proceeding with respect to Taxes, any asset values or other items inconsistently with such agreed-upon Allocation except with the agreement of the other Party or as required by applicable Law; provided, however, that nothing in this Agreement shall prevent Purchaser or Seller from settling any proposed deficiency or adjustment by any Governmental Authority based upon or arising out of the Allocation and neither Purchaser or Seller shall be required to litigate before any court any proposed deficiency or adjustment by any Governmental Authority challenging the Allocation. The Parties agree to promptly advise each other regarding the existence of any Tax audit, controversy or litigation related to the Allocation.

9.9 **Sabalo Tax Partnership**. Notwithstanding anything to the contrary in this Agreement or otherwise, if the closing of the transactions contemplated by the Sabalo PSA occurs on the Closing Date, the Parties agree to report Purchaser's acquisition of the assets constituting the Sabalo Tax Partnership in accordance with the principles of Situation 2 of Rev. Rul. 99-6, 1999-1 C.B. 432. If the closing of the transactions contemplated by the Sabalo PSA occurs after the Closing Date, Purchaser will cause the Sabalo Tax Partnership to make a Code Section 754 election that will apply to the Tax year of the Sabalo Tax Partnership that includes the Closing Date, and Seller consents to such election and will cooperate, as reasonably requested by Purchaser, in connection with the making of such election.

ARTICLE 10
TERMINATION

10.1 **Termination**. This Agreement may be terminated at any time prior to Closing:

(a) by the mutual prior written consent of Seller and Purchaser;

(b) by either Seller or Purchaser if the Closing has not occurred on or before July 31, 2021 (the "Outside Date");

(c) by Seller, at Seller's option, if any of the conditions set forth in Section 7.1 (other than Sections 7.1(c) or 7.1(d)) have not been satisfied by the Target Closing Date (except for those conditions that by their nature are to be satisfied at or in connection with the Closing and that would have been capable of being satisfied at or in connection with the Closing) and, following written notice thereof from Seller to Purchaser specifying the reason any such condition is unsatisfied (including any material breach by Purchaser of this Agreement), such condition remains unsatisfied for a period of twenty (20) days after Purchaser's receipt of written notice thereof from Seller;

(d) by Purchaser, at Purchaser's option, if any of the conditions set forth in Section 7.2 (other than Sections 7.2(c) or 7.2(d)) have not been satisfied by the Target Closing Date (except for those conditions that by their nature are to be satisfied at or in connection with the Closing and that would have been capable of being satisfied at or in connection with the Closing) and, following written notice thereof from Purchaser to Seller specifying the reason any such condition is unsatisfied (including any material breach by Seller of this Agreement), such condition remains unsatisfied for a period of twenty (20) days after Seller's receipt of written notice thereof from Purchaser;

(e) by either Seller or Purchaser if consummation of the transactions contemplated hereby is enjoined, restrained or otherwise prohibited or otherwise made illegal by the terms of a final, non-appealable order;

(f) by Seller, if Purchaser has not deposited the Deposit into the Deposit Escrow Account within two (2) Business Days following the Execution Date (in accordance with the terms of Section 2.1(b)); or

(g) by Purchaser, at Purchaser's option, if the Sabalo PSA has been terminated by Purchaser or any Sabalo Entity;

provided, however, that, no Party shall be entitled to terminate this Agreement under Section 10.1(b), 10.1(c) or 10.1(d), as applicable, if, at the time such Party would otherwise be entitled to exercise such right to terminate this Agreement, such Party: (A) is in breach of any of its representations or warranties set forth in this Agreement or (B) such Party has failed to perform or observe such Party's covenants and agreements in this Agreement, in each case of (A) or (B), in a manner that causes any condition with respect to the other Party's obligation to consummate the transactions contemplated by this Agreement set forth in Sections 7.1(a), 7.1(b), 7.1(e), 7.1(f), 7.2(a), 7.2(b), or 7.2(e) as applicable, not to be satisfied, or (C) such Party fails to proceed with the consummation of the transactions contemplated by this Agreement once the applicable conditions in Section 7.1 (in the case of a failure by Seller) or Section 7.2 (in the case of a failure by Purchaser) have been satisfied or waived.

10.2 Effect of Termination. If this Agreement is terminated pursuant to Section 10.1, (a) this Agreement shall become void and of no further force or effect (except for the provisions of Article 1, this Article 10, Sections 4.9, 4.23, 5.16, 5.17, 6.3, 6.5, 11.4 (as it relates to claims under Section 6.5), 12.2, 12.3, 12.6, 12.7, 12.8, 12.9, 12.11, 12.13, 12.14, 12.16, 12.17, and 12.18, all of which shall continue in full force and effect) and Seller shall be free immediately to enjoy all rights of ownership of the Assets and to sell, transfer, encumber or otherwise dispose of all or any portion of the Assets to any Person without any restriction under this Agreement and (b) there shall be no liability under this Agreement on the part of Purchaser or Seller or any of their respective Affiliates, partners, officers, owners, shareholders, members, officers, directors, managers, employees, agents or other Representatives except as expressly set forth in this Section 10.2 and Section 10.3.

10.3 Distribution of Deposit and Remedies Upon Termination; Specific Performance.

(a) In the event that (i) all conditions precedent to the obligations of Seller set forth in Section 7.1 have been fulfilled, satisfied or waived in writing by Seller (except for those conditions that by their nature are to be satisfied by or on behalf of Purchaser at or in connection with Closing, all of which Purchaser stands ready, willing and able to satisfy, and other than the failure of any such conditions to Closing of Seller resulting from the breach or failure of any of Seller's representations, warranties or covenants hereunder) and (ii) Purchaser is entitled to terminate this Agreement under Section 10.1(b) or 10.1(d) because the conditions precedent to the obligations of Purchaser set forth in Section 7.2 are not satisfied as of such time solely as a result of the breach or failure of Seller's representations, warranties, or covenants hereunder, including, if and when required, Seller's obligations to consummate the transactions contemplated hereunder at Closing, then Purchaser shall be entitled, as its sole and exclusive remedy, to elect in writing, in its sole discretion, to either: (A) seek specific performance of this Agreement (without the necessity of posting bond or furnishing other security); provided that Purchaser's ability to terminate this Agreement and seek recovery pursuant to clause (B) below shall not be limited if Purchaser causes any such action for specific performance to be dismissed prior to reaching a final, non-appealable decision; or (B) terminate this Agreement pursuant to Section 10.1(b) or 10.1(c), as applicable, in which case, Purchaser shall be entitled (1) to receive the entirety of the Deposit for the sole account and use of Purchaser and (2) to recover the amount determined in accordance with Schedule 10.3(a). In the case of clause (B) above, not later than two (2) Business Days following Purchaser's election to terminate this Agreement, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Purchaser.

(b) In the event that (i) all conditions precedent to the obligations of Purchaser set forth in Section 7.2 have been fulfilled, satisfied or waived in writing by Purchaser (except for those conditions that by their nature are to be satisfied by or on behalf of Seller at or in connection with Closing, all of which Seller stands ready, willing and able to satisfy) and (ii) Seller is entitled to terminate this Agreement under Section 10.1(b) or 10.1(c) because the conditions precedent to the obligations of Seller set forth in Section 7.1 are not satisfied as of such time solely as a result of the breach or failure of Purchaser's representations, warranties, or covenants hereunder, including, if and when required, Purchaser's obligations to consummate the transactions contemplated hereunder at Closing, then Seller shall be entitled, as its sole and exclusive remedy, to elect in writing to terminate this Agreement pursuant to Section 10.1(b) or 10.1(c), as applicable, and receive the entirety of the Deposit for the sole account and use of Seller as liquidated damages hereunder without waiving or releasing the Purchaser's obligations under the provisions that remain in effect following a termination pursuant to Section 10.2(a). Seller and Purchaser acknowledge and agree that (x) Seller's actual damages upon the event of such a termination are difficult to ascertain with any certainty, (y) the Deposit is a fair and reasonable estimate by the Parties of such aggregate actual damages of Seller, and (z) such liquidated damages do not constitute a penalty. In the case of clause (B) above, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Seller.

(c) In the event that Seller has elected to terminate this Agreement under Section 10.1(f), Seller shall be entitled to all remedies available at law or in equity (excluding, for purposes of clarity, any right to seek specific performance), and shall be entitled to recover court costs and attorneys' fees in addition to other relief to which Seller may be entitled.

(d) Without limitation of Sections 10.3(f), 10.3(g) and 10.3(h), if this Agreement is terminated for any reason other than the reasons set forth in Sections 10.3(a), 10.3(b) or 10.3(c), Purchaser shall be entitled to receive the entirety of the Deposit, free of any claims by Seller or any other Person with respect thereto. In such event, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Purchaser.

(e) Notwithstanding anything to the contrary herein but subject to the other terms and provisions of this Section 10.3, if a Party has failed to perform or observe in any material respect any of its agreements or covenants contained herein which are to be performed or observed at, prior to or, if Closing has occurred, after the Closing (including, if applicable pursuant to Section 10.3(a) above, the obligation of Seller to consummate the Closing, but specifically excluding the obligation of Purchaser to consummate the Closing), the other Party may seek specific performance of such covenant or agreement at any time prior to the valid termination of this Agreement without the necessity of posting bond or furnishing other security; provided, however, Seller shall not have the right to specific performance of, or other equitable relief with respect to, the obligation of Purchaser to consummate the Closing. Each Party understands and agrees that the other Party may suffer irreparable damage as a result of it failing to perform or observe in any material respect any of its agreements or covenants contained herein which are to be performed or observed at, prior to or, if Closing has occurred, after the Closing. Accordingly, each Party waives any right it may have to challenge the enforceability of this Agreement by a decree of specific performance and agrees it will not argue in any proceeding that the requirements for specific performance have not been met, that monetary damages constitute a sufficient remedy or make any other argument in opposition to the specific performance of this Agreement.

(f) Notwithstanding anything to the contrary in this Agreement, but subject to, and without limitation of, Section 10.3(g), in the event that (i) Purchaser terminates this Agreement pursuant to Section 10.1(g) and (ii) the Sabalo PSA was terminated by Purchaser in accordance with its terms and Purchaser is entitled to receive (x) a distribution of the Sabalo Deposit and (y) the reimbursement of certain expenses in accordance with Section 10.3(a) thereof, then Purchaser shall be entitled, as its sole and exclusive remedy, to (A) receive the entirety of the Deposit for the sole account and use of Purchaser and (B) recover the amount determined in accordance with Schedule 10.3(a). In such event, not later than two (2) Business Days following Purchaser's election to terminate this Agreement, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Purchaser.

(g) Notwithstanding anything to the contrary in this Agreement, but subject to, and without limitation of, Section 10.3(h), in the event that (i) Purchaser terminates this Agreement pursuant to Section 10.1(g), (ii) in connection with the termination of the Sabalo PSA, Sabalo receives the Sabalo Deposit pursuant to the terms of the Sabalo PSA and (iii) all conditions precedent to the obligations of Purchaser set forth in Section 7.2 have been fulfilled, satisfied or waived in writing by Purchaser (except for those conditions that by their nature are to be satisfied by or on behalf of Seller at or in connection with Closing, all of which Seller stands ready, willing and able to satisfy), then Seller shall receive the entirety of the Deposit for the sole account and use of Seller as liquidated damages hereunder. In such event, (A) not later than two (2) Business Days following Purchaser's election to terminate this Agreement, Seller and Purchaser shall execute and deliver joint written instructions to the Escrow Agent to disburse the Deposit (together with all earnings, interest and income thereon) to Seller and (B) Seller and Purchaser acknowledge and agree that (x) Seller's actual damages upon the event of such a termination are difficult to ascertain with any certainty, (y) the Deposit is a fair and reasonable estimate by the Parties of such aggregate actual damages of Seller, and (z) such liquidated damages do not constitute a penalty.

(h) Notwithstanding anything to the contrary in this Agreement, the Parties acknowledge and agree that if (i) this Agreement is terminated by Purchaser pursuant to Section 10.1(g) and (ii) Purchaser, Sabalo and/or Sabalo Operating have then (or anytime thereafter) entered into the Sabalo Settlement, then (A) Purchaser shall pay to Seller an amount that is equal to (or, at Purchaser's election, Seller shall be entitled to receive a distribution of a portion of the Deposit that is equal to) 11.2% of the Sabalo Break-Fee Amount, (B) Purchaser shall be entitled to receive a distribution from the Escrow Account of an amount that is equal to (i) the Deposit (together with all earnings, interest and income thereon) *less* (ii) any portion of the Deposit that Purchaser elects to be distributed to Seller pursuant sub-clause (A) above, if any, and (C) not later than two (2) Business Days following Purchaser's election to terminate this Agreement, Purchaser and Seller shall execute and deliver joint written instructions to the Escrow Agent to distribute the Deposit (together with all earnings, interest and income thereon) to the applicable Party(ies) in accordance with this Section 11.3(h).

(i) Notwithstanding anything to the contrary in this Agreement, the Parties acknowledge and agree that if (i) Purchaser terminates this Agreement pursuant to Section 10.1(b), (ii) at such time, all conditions precedent to the obligations of Purchaser set forth in Section 7.2 have been fulfilled, satisfied or waived in writing by Purchaser (except for (x) for those conditions that by their nature are to be satisfied by or on behalf of Seller at or in connection with Closing, all of which Seller stands ready, willing and able to satisfy and (y) the condition set forth in Section 7.2(e)) and (iii) Sabalo at any time thereafter receives a distribution of the Sabalo Deposit, then, within five (5) Business Days following the date on which Sabalo receives the distribution of the Sabalo Deposit, Purchaser shall pay to Seller (by wire transfer in immediately available funds to the account(s) designated in writing by Seller) an amount equal to the Deposit.

ARTICLE 11
INDEMNIFICATION; LIMITATIONS

11.1 **Assumed Obligations**. Subject to, and without limitation of, Purchaser's rights to indemnity under this Article 11, the terms of Article 3 (including Purchaser's rights and remedies arising thereunder), the special warranty of Defensible Title in the Assignment and Bill of Sale or any adjustments to the Unadjusted Purchase Price set forth in Section 2.3, on the Closing Date, Purchaser shall assume and hereby agrees to fulfill, perform, pay, and discharge (or cause to be fulfilled, performed, paid, or discharged) all of the obligations and liabilities of Seller and its Affiliates, known or unknown, with respect to the Assets, regardless of whether such obligations or liabilities arose prior to, on, or after the Effective Date, including the following (collectively, and, for purposes of clarity, excluding the Retained Obligations, the "Assumed Obligations"):

(a) all obligations and liabilities arising from or in connection with any production, pipeline, storage, processing, or other imbalance attributable to Hydrocarbons produced from the Properties, whether before, on, or after the Effective Date, including obligations to furnish makeup gas in accordance with the terms of applicable gas sales, gathering, or transportation Contracts;

(b) obligations to pay working interests and Royalties;

(c) obligations for plugging and abandonment of all of the Wells and dismantlement, decommissioning, or abandonment of all structures and Equipment included in the Assets or located on the lands covered by, or described in, the Leases (whether such Leases have terminated or expired) and restoration of the surface covered by the Assets in accordance with applicable Laws (whether or not required to be plugged, abandoned, dismantled, or restored as of the Effective Date, and whether or not the applicable Lease has terminated or expired), including any obligations to assess, remediate, remove, and dispose of NORM, asbestos, mercury, drilling fluids, chemicals, and produced waters and Hydrocarbons;

(d) subject to the terms of Article 3 and the special warranty of Defensible Title in the Assignment and Bill of Sale, all Damages and obligations arising from, or relating to, Title Defects, deficiencies, or other title matters with respect to the Assets, whether arising or relating to periods of time before, on, or after the Effective Date; and

(e) subject to the terms of Article 3, all Damages and obligations arising from, or relating to, Environmental Defects, or other environmental matters, with respect to the Assets, whether arising or relating to periods of time before, on, or after the Effective Date.

11.2 **Retained Obligations**. Notwithstanding the terms of Section 11.1, the Assumed Obligations shall not include, and Seller shall retain and hereby agrees to fulfill, perform, pay and discharge (or cause to be fulfilled, performed, paid or discharged), any and all liabilities, Damages, duties, or obligations, known or unknown, to the extent they are attributable to, arise out of or in connection with, or are based upon (collectively, the "Retained Obligations"):

(a) the Excluded Assets (including the ownership or operation thereof);

(b) matters required to be borne, paid or retained by Seller under Sections 2.3 and 2.4;

(c) Seller Taxes;

(d) any personal injury or death attributable to, or arising out of, Seller's or any of its Affiliates' ownership of the Assets prior to the Closing Date;

(e) the off-site disposal of any Hazardous Substances, mercury, drilling fluids, chemicals, produced waters, Hydrocarbons or other materials of any nature generated by or on behalf of Seller or any of its Affiliates or otherwise produced from or attributable to any of the Assets and taken from a location that is on or within any of the Assets to a location that is not on or within any of the Assets, to the extent that such disposal occurred prior to the Closing Date;

(f) any fines or penalties of Governmental Authorities levied at any time against Seller or any of its Affiliates, or imposed or assessed at any time related to or arising out of Seller's or its Affiliates' ownership of the Assets prior to the Closing Date;

(g) the actions, suits, proceedings and other matters set forth on Schedule 4.2 (or that should have been set forth on Schedule 4.2 in order for Seller's representation in Section 4.2 to have been true and correct at and as of the Execution Date and the Closing);

(h) the fraud, gross negligence or willful misconduct of Seller or any of its Affiliates in connection with the ownership of the Assets prior to the Closing Date; or

(i) any payment, nonpayment, mispayment or miscalculation by or on behalf of Seller or any of its Affiliates of any Royalties, similar Lease burdens or other production proceeds owing to Working Interest owners and escheat obligations, in each case, attributable to periods prior to the Effective Date.

11.3 Indemnification.

(a) From and after Closing, but subject to the applicable limitations set forth in this Article 11, Purchaser shall indemnify, defend, and hold harmless Seller, the Applicable Seller Indemnitees, its and their Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and other Representatives (collectively, the "Seller Group") from and against all Damages incurred or suffered by Seller Group:

(i) caused by, arising out of, or resulting from, the Assumed Obligations;

(ii) caused by, arising out of, or resulting from, Purchaser's breach or nonfulfillment of, or failure to perform, any of Purchaser's covenants or agreements contained in this Agreement; or

(iii) caused by, arising out of, or resulting from, any breach or inaccuracy of any representation or warranty made by Purchaser contained in Article 5 of this Agreement or in the certificate delivered at Closing pursuant to Section 8.3(e),

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, **INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON**, and further excepting in each case Damages against which Seller would be required to indemnify Purchaser Group under Section 11.3(b).

(b) From and after Closing, but subject to the applicable limitations set forth in this Article 11, Seller shall indemnify, defend, and hold harmless Purchaser and its Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives ("Purchaser Group") from and against all Damages incurred or suffered by Purchaser Group:

(i) caused by or arising out of, or resulting from, the Retained Obligations;

(ii) caused by, arising out of, or resulting from, Seller's breach or nonfulfillment of, or failure to perform, any of Seller's covenants or agreements contained in this Agreement; or

(iii) caused by, arising out of, or resulting from any breach or inaccuracy of any representation or warranty made by Seller contained in Article 4 of this Agreement, or in the certificate delivered at Closing pursuant to Section 8.2(e),

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON.

(c) Notwithstanding anything to the contrary contained in this Agreement, except in the case of Fraud, and without limitation of the special warranty of Defensible Title in the Assignment and Bill of Sale, from and after Closing, Seller's and Purchaser's sole and exclusive remedy against each other with respect to breaches of the representations, warranties, covenants, and agreements of the Parties contained in this Agreement (excluding Sections 6.5 and 6.7, which shall also be separately enforceable by Seller and Purchaser, as applicable, pursuant to whatever rights and remedies are available to it outside of this Article 11, and Section 4.7, the sole and exclusive remedy for which shall be pursuant to Section 2.3), and the affirmations of such representations, warranties, covenants, and agreements contained in the certificates respectively delivered by each Party at Closing pursuant to Sections 8.2(e) and 8.3(e), as applicable, is set forth in this Article 11 (and, with respect to the representation and warranty in Section 4.7, in Section 2.3) and if no such right of indemnification (or, with respect to the representations and warranty in Section 4.7, right under Section 2.3) is expressly provided, then such claims are hereby waived to the fullest extent permitted by Law. Except for the remedies contained in this Article 11 (and, with respect to the representation and warranty in Section 4.7, Section 2.3) and in the case of Fraud, and without limitation of the special warranty of Defensible Title in the Assignment and Bill of Sale, upon Closing, each Party releases, remises, and forever discharges the other Party and its Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and other Representatives from any and all suits, legal or administrative proceedings, claims, demands, Damages, losses, costs, liabilities, interest, or causes of action whatsoever, in law or in equity, known or unknown, which such Party might now or subsequently may have, based on, relating to, or arising out of this Agreement or Seller's ownership, use, or operation of the Assets, or the condition, quality, status, or nature of the Assets, **INCLUDING RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE OIL POLLUTION ACT OF 1990, AS AMENDED, BREACHES OF STATUTORY AND IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, ANY RIGHTS UNDER INSURANCE POLICIES ISSUED OR UNDERWRITTEN BY THE OTHER PARTY OR ANY OF ITS AFFILIATES, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY RELEASED PERSON, INVITEE, OR THIRD PARTY, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION**.

(d) The Parties shall treat, for Tax purposes, any amounts paid pursuant to this Article 11 as an adjustment to the Purchase Price.

11.4 Indemnification Actions. All claims for indemnification under Section 6.5, Section 9.4 or Section 11.3 shall be asserted and resolved as follows:

(a) For purposes of this Article 11, the term "Indemnifying Person" when used in connection with particular Damages shall mean the Person having an obligation to indemnify another Person or Persons with respect to such Damages pursuant to this Article 11, and the term "Indemnified Person" when used in connection with particular Damages shall mean a Person having the right to be indemnified with respect to such Damages pursuant to this Article 11, Section 6.5 or Section 9.4 (including, for the avoidance of doubt, those Persons identified in Section 11.4(g)).

(b) To make a claim for indemnification under Section 6.5, Section 9.4 or Article 11, an Indemnified Person shall notify the Indemnifying Person of its claim, including the specific details of and specific basis under this Agreement for its claim (the "Claim Notice"). In the event that the claim for indemnification is based upon a claim by a third Person against the Indemnified Person (a "Claim"), the Indemnified Person shall provide its Claim Notice promptly after the Indemnified Person has actual knowledge of the Claim and shall enclose a complete copy of all papers (if any) served with respect to the Claim; provided that the failure of any Indemnified Person to give notice of a Claim as provided in this Section 11.4 shall not relieve the Indemnifying Person of its obligations under Section 6.5, Section 9.4 or Article 11, except to the extent such failure results in insufficient time being available to permit the Indemnifying Person to effectively defend against the Claim or otherwise materially prejudices the Indemnifying Person's ability to defend against the Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant, or agreement, the Claim Notice shall specify the representation, warranty, covenant, or agreement that was inaccurate or breached and the basis of such inaccuracy or breach.

(c) In the case of a claim for indemnification based upon a Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to notify the Indemnified Person whether it admits or denies its obligation to defend and indemnify the Indemnified Person against such Claim under Section 6.5, Section 9.4 or this Article 11, as applicable. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period regarding whether the Indemnifying Person admits or denies its obligation to defend the Indemnified Person, it shall be conclusively deemed obligated to provide such indemnification hereunder. The Indemnified Person is authorized, prior to and during such thirty (30) day period but prior to the Indemnifying Person admitting (or being deemed to have admitted such obligation pursuant to this Section 11.4(c)) its obligation to provide indemnification with respect to the matter in question, to file any motion, answer, or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Person and that is not prejudicial to the Indemnifying Person.

(d) If the Indemnifying Person admits its obligation (or is deemed to have admitted its obligation), it shall have the right and obligation to diligently defend and indemnify, at its sole cost and expense, the Claim. The Indemnifying Person shall have full control of such defense and proceedings, including, subject to the remainder of this Section 11.4(d), any compromise or settlement thereof. If requested by the Indemnifying Person, the Indemnified Person agrees to cooperate in contesting any Claim which the Indemnifying Person elects to contest (provided, however, that the Indemnified Person shall not be required to bring any counterclaim or cross-complaint against any Person). The Indemnified Person may, at its own expense, participate in, but not control, any defense or settlement of any Claim controlled by the Indemnifying Person pursuant to this Section 11.4(d). An Indemnifying Person shall not, without the written consent of the Indemnified Person, settle any Claim or consent to the entry of any judgment with respect thereto that (i) does not result in a final, non-appealable, resolution of the Indemnified Person's liability with respect to the Claim (including, in the case of a settlement, an unconditional written release of the Indemnified Person from all further liability in respect of such Claim) or (ii) may materially and adversely affect the Indemnified Person (other than as a result of money damages covered by the indemnity).

(e) If the Indemnifying Person does not admit its obligation or admits its obligation but fails to diligently defend, indemnify against, or settle the Claim, then the Indemnified Person shall have the right to defend against the Claim (at the sole cost and expense of the Indemnifying Person, if the Indemnified Person is entitled to indemnification hereunder), with counsel of the Indemnified Person's choosing, subject to the right of the Indemnifying Person to admit its obligation to indemnify the Indemnified Person and assume the defense of the Claim at any time prior to settlement or final, non-appealable determination thereof. If the Indemnifying Person has not yet admitted its obligation to defend and indemnify the Indemnified Person, the Indemnified Person shall send written notice to the Indemnifying Person of any proposed settlement and the Indemnifying Person shall have the option for ten (10) days following receipt of such notice to (i) admit in writing its obligation for indemnification with respect to such Claim and (ii) if its obligation is so admitted, assume the defense of the Claim, including the power to reject the proposed settlement. If the Indemnified Person settles any Claim over the objection of the Indemnifying Person after the Indemnifying Person has timely admitted its obligation for indemnification in writing (or is deemed to be obligated to indemnify such Indemnified Person pursuant to Section 11.4(c) or this Section 11.4(e)), the Indemnified Person shall be deemed to have waived any right to indemnity therefor.

(f) In the case of a claim for indemnification not based upon a Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to (i) cure the Damages complained of, (ii) admit its obligation to provide indemnification with respect to such Damages, or (iii) dispute the claim for such Damages. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period that it has cured the Damages or that it disputes the claim for such Damages, the Indemnifying Person shall be conclusively deemed to be obligated to provide indemnification hereunder, subject to the other provisions of this Article 11.

(g) Any claim for indemnity under Section 6.5, Section 9.4 or this Article 11 by any Affiliate, partner, member, shareholder, owner, officer, director, manager, employee, agent or Representative must be brought and administered by the applicable Party to this Agreement that is related to such Person. No Indemnified Person other than Seller and Purchaser shall have any rights against Seller or Purchaser under the terms of Section 6.5, Section 9.4 or this Article 11 except as may be exercised on its behalf by Purchaser or Seller, as applicable, pursuant to this Section 11.4(g). Seller and Purchaser may elect to exercise or not exercise indemnification rights under this Section 11.4 on behalf of the other Indemnified Persons affiliated with it in its sole discretion and shall have no liability to any such other Indemnified Person for any action or inaction under this Section 11.4.

11.5 Casualty and Condemnation.

(a) Subject to, and without limitation of, the Seller's representations, warranties, covenants and agreements made pursuant to this Agreement, if Closing occurs, then, from and after the Effective Date, Purchaser shall assume all risk of loss with respect to production of Hydrocarbons through normal depletion (including watering out of any Well, collapsed casing or sand infiltration of any Well) and the depreciation of any Equipment due to ordinary wear and tear, in each case, with respect to the Assets.

(b) If, after the Execution Date but prior to the Closing Date, any portion of the Assets is destroyed by fire or other casualty or is expropriated or taken in condemnation or under right of eminent domain (each, a "Casualty Loss"), then:

(i) Seller shall promptly notify Purchaser in writing following the occurrence of such Casualty Loss, which notice shall include reasonable detail of the nature of such Casualty Loss and Seller's good faith estimate of the costs to repair or replace the relevant Asset(s);

(ii) Seller shall use commercially reasonable efforts to mitigate (or attempt to mitigate) any Damages resulting from, or relating to, such Casualty Loss;

(iii) Purchaser shall, subject to the other terms and conditions of this Agreement, nevertheless be required to proceed with Closing; and

(iv) Seller, at the Closing, shall pay to Purchaser all sums paid or credited to Seller or any of its Affiliates by Persons by reason of such Casualty Loss insofar as with respect to the relevant Assets and shall assign, transfer and set over to Purchaser or subrogate Purchaser to all of Seller's (and, if applicable, its Affiliates') right, title and interest (if any) in and to any and all insurance claims, unpaid awards and other rights against any third Persons arising out of or in connection with such Casualty Loss insofar as with respect to the Assets.

(c) Notwithstanding anything herein to the contrary, neither Seller nor any of its Affiliates shall compromise, settle or adjust any amounts payable by reason of, or in connection with, any Casualty Loss without the prior written consent of Purchaser.

11.6 Limitation on Actions.

(a) The representations and warranties of Seller in Article 4 (excluding, for purposes of clarity, the Seller Fundamental Representations and Seller's representations and warranties in Sections 4.3 and 4.7), the corresponding representations, warranties, and affirmations given in the certificate delivered by Seller at Closing pursuant to Section 8.2(e), and the covenants and agreements of the Parties to be performed at or prior to Closing shall, in each case, survive the Closing for a period of twelve (12) months. The representations and warranties of Seller set forth in Section 4.3 shall survive the Closing for the applicable statute of limitations period plus thirty (30) days and the representations and warranties of Seller set forth in Section 4.7 shall survive the Closing until the Cut-Off Date. The representations and warranties of Purchaser in Article 5 (excluding the Purchaser Fundamental Representations), and the corresponding representations, warranties, and affirmations given in the certificate delivered by Purchaser at Closing pursuant to Section 8.3(f), shall, in each case, survive the Closing for a period of twelve (12) months. The covenants and agreements of the Parties to be performed at any time from and after Closing shall survive Closing until fully performed, subject to the applicable limitations set forth in this Section 11.6. The remainder of this Agreement shall survive the Closing and delivery of the Assignment and Bill of Sale without time limit except as may otherwise be expressly provided herein. Representations, warranties, covenants, and agreements shall be of no further force and effect after the date of their expiration, provided that there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to its expiration date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance).

(b) The indemnities in Sections 11.3(a)(ii), 11.3(a)(iii), 11.3(b)(ii), and 11.3(b)(iii) shall terminate as of the termination date of each respective representation, warranty, covenant, or agreement that is subject to indemnification thereunder, except in each case as to matters for which a bona fide specific written claim for indemnity has been delivered to the Indemnifying Person on or before such termination date (and, for purposes of clarity, there shall be no termination of any indemnification obligations underlying any such claim in such circumstance). The indemnity in Section 11.3(b)(i) shall survive the Closing (i) as set forth in Sections 2.3 and 2.4 with respect to Section 11.2(b), (ii) for the applicable statute of limitations period plus thirty (30) days with respect to Section 11.2(c), (iii) for a period of four (4) years with respect to Section 11.2(i) and (iv) without time limit with respect to Sections 11.2(a), 11.2(d), 11.2(e), 11.2(f), 11.2(g), and 11.2(h). The indemnities in Section 11.3(a)(i) shall continue without time limit.

(c) Seller shall not have any liability for any indemnification under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), for an individual matter until and unless the amount of the liability for Damages with respect to which Seller an obligation to indemnify the Purchaser Group pursuant to the terms of Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3) exceeds One Hundred Twenty-Five Thousand Dollars ($125,000) (the "Individual Indemnity Threshold"). Without limiting the foregoing, Seller shall not have any liability for any indemnification under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3) until and unless the aggregate amount of the liability for all Damages (i) for which Claim Notices are delivered by Purchaser under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), (ii) with respect to which Seller has an obligation to indemnify Purchaser pursuant to the terms of Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties of Seller in Section 4.3), and (iii) which exceed the Individual Indemnity Threshold exceeds an amount equal to one and three-quarters of one percent (1.75%) of the Unadjusted Purchase Price, and then only to the extent such Damages exceed an amount equal to one and three-quarters of one percent (1.75%) of the Unadjusted Purchase Price.

(d) Purchaser shall not have any liability for any indemnification under Section 11.3(a)(iii) (except for breaches or inaccuracies of any of the Purchaser Fundamental Representations, for which the following limitations shall not apply), for an individual matter until and unless the amount of the liability for Damages with respect to which Purchaser has an obligation to indemnify the Seller Group pursuant to the terms of Section 11.3(a)(iii) (except for breaches or inaccuracies of any of the Purchaser Fundamental Representations) exceeds the Individual Indemnity Threshold.

(e) Notwithstanding anything to the contrary contained elsewhere in this Agreement, Seller shall not be required to indemnify Purchaser (i) under Section 11.3(b)(iii) (except for breaches or inaccuracies of any of the Seller Fundamental Representations and/or the representations and warranties in Section 4.3), for aggregate Damages in excess of fifteen percent (15%) of the Unadjusted Purchase Price, and (ii) without limitation to the preceding clause (i), under this Article 11 for aggregate Damages in excess of one hundred percent (100%) of the Unadjusted Purchase Price; provided, however, that the limitations set forth in this Section 11.6(e) shall not apply to any Damages (or any related indemnity obligations) to the extent arising out of or based upon Fraud.

(f) The amount of any Damages for which an Indemnified Person is entitled to indemnity under this Article 11 shall be reduced by the amount of insurance proceeds realized by the Indemnified Person or its Affiliates with respect to such Damages (net of any collection costs, and excluding the proceeds of any insurance policy issued or underwritten by the Indemnified Person or its Affiliates); provided, however, that no Party shall be required to seek recovery under any policy of insurance as a condition to indemnification hereunder.

(g) Seller shall be subrogated to the rights of any Indemnified Person that is a member of the Purchaser Group against any insurer, indemnitor, guarantor or other Person with respect to the subject matter of any Damages subject to indemnification by Seller pursuant to Section 11.3(b) to the extent that Seller pays any such Indemnified Person with respect to such Damages. Any member of the Purchaser Group who is indemnified pursuant to Section 11.3(b) shall assign or otherwise cooperate with Seller in the pursuit of any claims against, and any efforts to recover amounts from, such other Person for any such Damages for which any member of the Purchaser Group has been paid. Any such Purchaser Group Indemnified Person shall remit to Seller, within five (5) Business Days after receipt, any insurance proceeds or other payment that is received by any member of the Purchaser Group from a third Person and which relates to Damages for which (but only to the extent) such member of the Purchaser Group has been previously compensated hereunder (minus the reasonable out-of-pocket costs incurred in obtaining such recovery).

(h) Seller shall not have any obligation or liability under this Agreement or in connection with or with respect to the transactions contemplated by this Agreement for any breach, misrepresentation, or noncompliance with respect to any representation, warranty, covenant, indemnity, or obligation if such breach, misrepresentation, or noncompliance shall have been affirmatively and expressly waived in writing by Purchaser.

(i) As used in this Agreement, the term "Damages" means the amount of any actual liability, loss, cost, expense, Tax, claim, award, or judgment incurred or suffered by any Person, whether attributable to personal injury or death, property damage, contract claims, torts, or otherwise, including reasonable fees and expenses of attorneys, consultants, accountants, or other agents and experts reasonably incident to the matters in question, and the costs of investigation and/or monitoring of such matters, and the costs of enforcement of the indemnity provided hereunder. Notwithstanding the foregoing, neither Purchaser nor Seller shall be entitled to indemnification under Section 6.5, Section 9.4 or this Article 11 for, and "Damages" shall not include, (i) loss of profits, to the extent consequential, or other consequential damages suffered by the Party claiming indemnification, or any special or punitive damages (other than loss of profits, consequential damages, or punitive damages suffered by third Persons for which responsibility is allocated among the Parties or to the extent such damages constitute direct damages under Texas law), and (ii) any increase in liability, loss, cost, expense, claim, award or judgment to the extent such increase is caused by the actions or omissions of any Indemnified Person after the Closing Date.

(j) Notwithstanding anything herein to the contrary, for purposes of determining the indemnity obligations set forth in this Article 11, (i) when determining whether a breach or inaccuracy of Seller's representations or warranties contained in this Agreement has occurred and (ii) when calculating the amount of Damages incurred, arising out of or relating to any such breach or inaccuracy of any such representation or warranty by Seller, in each case, all references to materiality and Seller Material Adverse Effect contained in such representation or warranty shall be disregarded.

ARTICLE 12
MISCELLANEOUS

12.1 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

12.2 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via facsimile transmission or transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving Party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

If to Seller: Shad Permian, LLC
9 West 57th Street, Suite 4920
New York, New York 10019
Attention: John Horstman
Email: j.horstman@benefitstreetpartners.com
BSPPD@benefitstreetpartners.com

With a copy to (which shall not constitute notice):

Haynes and Boone, LLP
1221 McKinney Street, Suite 4000
Houston, Texas 77010
Attention: Austin Elam; Chris Reagen
Email: austin.elam@haynesboone.com
chris.reagen@haynesboone.com

If to Purchaser: Laredo Petroleum, Inc.
15 W. 6th Street, Suite 900
Tulsa, Oklahoma 74119
Attention: Mark Denny
Email: mdenny@laredopetro.com

With a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
600 Travis Street, Suite 2100
Houston, Texas 77002
Attention: Michael Piazza; David Aaronson
Email: mpiazza@willkie.com; daaronson@willkie.com

Either Party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed.

12.3 **Expenses**. Except as provided in Sections 3.10(c), 6.6, 8.4(c), 10.2 and in Section 11.4, all expenses incurred by Seller in connection with or related to the authorization, preparation or execution of this Agreement, and the exhibits and schedules hereto and thereto, and all other matters related to the Closing and the transactions related thereto, including all fees and expenses of counsel, accountants, and financial advisers employed by Seller, shall be borne solely and entirely by Seller, and all such expenses incurred by Purchaser shall be borne solely and entirely by Purchaser.

12.4 **Replacement of Credit Support**. The Parties understand that none of the Credit Support, if any, posted by Seller or any Affiliate thereof with or for the benefit of any Governmental Authority or third Person and relating to the Assets will be transferred to Purchaser. On or before Closing, Purchaser shall obtain, or cause to be obtained in the name of Purchaser, replacements for such Credit Support as is necessary for Purchaser to own and, if applicable, operate the Assets, and shall cooperate in good faith with Seller to assist Seller in causing, effective as of the Closing, the cancellation or return to Seller of the Credit Support posted by Seller or its Affiliates; provided, however, that if, as of the Closing Date, Purchaser is unable to (a) obtain replacements of any such Credit Support and/or (b) the cancellation of or return to Seller of any such Credit Support, then, Purchaser shall indemnify and reimburse Seller for any costs, expenses or other Damages paid or incurred by Seller under or pursuant to such Credit Support resulting from the ownership or operation of the any of the applicable Assets from and after the Closing Date until such time as Purchaser is able to obtain such replacements of such Credit Support and/or the cancellation of or return to Seller of any such Credit Support, as applicable, following the Closing Date.

12.5 Records.

(a) As soon as practicable, but in no event later than thirty (30) days after the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the original Records (or digital copies of Records to the extent Seller does not have originals of such Records) that are in the possession of Seller or its Affiliates, subject to Section 12.5(b).

(b) Seller may retain the originals of those Records (i) relating to Tax and accounting matters, (ii) relating to Properties in which Seller retains any interest, or (iii) which are subject to a legal hold by Seller (until such hold is released) and provide Purchaser, at its request, with copies of such Records other than Records that pertain solely to Income Tax matters related to the Assets. Seller may retain copies of any other Records, including geological, geophysical, and similar data and studies.

(c) Purchaser, for a period of seven (7) years after the Closing shall: (i) retain the Records and (ii) provide Seller, and the members of the Seller Group with access to the Records during normal business hours for review and copying at Seller's sole expense.

12.6 Governing Law. This Agreement and the legal relations between the Parties shall be governed by and construed in accordance with the Laws of the State of Texas, without regard to principles of conflicts of Laws that would direct the application of the Laws of another jurisdiction.

12.7 Venue; Waiver of Jury Trial. Each Party consents to personal jurisdiction in any action brought in the United States federal courts located in the State of Texas with respect to any dispute, claim, or controversy arising out of, in relation to, or in connection with, this Agreement, and each of the Parties agrees that any action instituted by it against the other with respect to any such dispute, controversy, or claim (except to the extent a dispute, controversy, or claim arising out of, in relation to, or in connection with, title or environmental matters pursuant to Section 3.10 or the determination of Purchase Price adjustments pursuant to Section 8.4(b) is referred to an expert pursuant to those Sections) will be instituted exclusively in the United States District Court for the Southern District of Texas, Houston Division. Each Party (a) irrevocably submits to the exclusive jurisdiction of such courts, (b) waives any objection to laying venue in any such action or proceeding in such courts, (c) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over it, and (d) agrees that service of process upon it may be effected by mailing a copy thereof by registered mail (or any substantially similar form of mail), postage prepaid, to it at its address specified in Section 12.2. The foregoing consents to jurisdiction and service of process shall not constitute general consents to service of process in the State of Texas for any purpose except as provided herein and shall not be deemed to confer any rights on any Person other than the Parties to this Agreement. **THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT**.

12.8 Captions. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

12.9 Waivers. Any failure by any Party to comply with any of its obligations, agreements, or conditions herein contained may be waived by the Party to whom such compliance is owed by an instrument signed by the Party to whom compliance is owed and expressly identified as a waiver, but not in any other manner. No course of dealing on the part of Seller or Purchaser, or their respective Affiliates and its and their respective former, current and future partners, members, shareholders, owners, officers, directors, managers, employees, agents and Representatives or any failure by Seller or Purchaser to exercise any of its rights under this Agreement shall operate as a waiver thereof or affect in any way the right of such Party at a later time to enforce the performance of such provision. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

12.10 **Assignment**. Other than as permitted by Section 9.4, no Party shall assign or otherwise transfer all or any part of this Agreement to any third Person, nor shall any Party delegate any of its rights or duties hereunder to any third Person, without the prior written consent of the other Party and any transfer or delegation made without such consent shall be void *ab initio*; provided that Purchaser may, without consent of Seller but with prior written notice to Seller and subject to the immediately succeeding sentence, assign to one or more of its wholly-owned subsidiaries its rights hereunder to receive assignment and transfer of the Assets, but Purchaser shall remain liable for its obligations hereunder. Any assignment of this Agreement permitted by this Section 12.10 shall be made subject to the obligations contained in this Agreement and such assignment shall not relieve the assigning Party of any obligations and responsibilities hereunder. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

12.11 **Entire Agreement**. This Agreement and the documents to be executed hereunder and the exhibits and schedules attached hereto and thereto constitute the entire agreement among the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. In entering into this Agreement, neither Party has relied on any statement, representation, warranty, covenant, nor agreement of the other Party or its Representatives other than those expressly contained in this Agreement.

12.12 **Amendment**. This Agreement may be amended or modified only by an agreement in writing signed by Seller and Purchaser and expressly identified as an amendment or modification.

12.13 **No Third-Person Beneficiaries**. Nothing in this Agreement shall entitle any Person other than Purchaser and Seller to any claim, cause of action, remedy or right of any kind, except the rights expressly provided to the Persons described in Section 6.5, Section 9.4, Section 12.19 and Article 11. Accordingly, references to the indemnification rights of Purchaser or Seller under this Agreement shall be deemed to include the indemnification rights of the Purchaser Group or the Seller Group, as applicable.

12.14 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

12.15 **Time of the Essence**. Time is of the essence in this Agreement. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (and the expiration of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day.

12.16 **References**. In this Agreement, unless the context requires otherwise: (a) references to any gender includes a reference to all other genders; (b) references to the singular includes the plural, and vice versa; (c) reference to any Article or Section means an Article or Section of this Agreement; (d) reference to any exhibit or schedule means an exhibit or schedule to this Agreement, all of which are incorporated into, and made a part of, this Agreement for all purposes; (e) unless expressly provided to the contrary, "hereunder", "hereof", "herein", and words of similar import are references to this Agreement as a whole and not any particular Section or other provision of this Agreement; (f) references to "$" or "Dollars" means United States Dollars; and (g) "include" and "including" mean include or including without limiting the generality of the description preceding such term. If the date of performance falls on a day that is not a Business Day, then the actual date of performance will be the next succeeding day that is a Business Day.

12.17 **Construction**. Purchaser is capable of making such investigation, inspection, review and evaluation of the Assets as a prudent purchaser would deem appropriate under the circumstances, including with respect to all matters relating to the Assets, their value, operation, and suitability. Seller and Purchaser have had the opportunity to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby. This Agreement is the result of arm's-length negotiations from equal bargaining positions. It is expressly agreed that this Agreement shall not be construed against any Party, and no consideration shall be given or presumption made, on the basis of who drafted this Agreement or any particular provision hereof.

12.18 **Limitation on Damages**. Notwithstanding anything to the contrary contained herein but without limitation of Section 10.2, neither Purchaser nor Seller, nor any of their respective Affiliates shall be entitled to consequential, special, or punitive damages in connection with this Agreement and the transactions contemplated hereby (other than consequential, special, or punitive damages suffered by third Persons for which responsibility is allocated between the Parties) and Purchaser and Seller, for themselves and on behalf of their respective Affiliates, hereby expressly waive any right to consequential, special, or punitive damages in connection with this Agreement and the transactions contemplated hereby (other than consequential, special, or punitive damages suffered by third Persons for which responsibility is allocated between the Parties). Notwithstanding anything herein to the contrary in this Section 12.18 or any other provision of this Agreement to the contrary, nothing in this Section 12.18 shall be construed as limiting any Person's ability to recover any direct damages (including lost profits that are direct damages) as provided under Texas Law.

12.19 **Non-Recourse Parties**. Subject to the remainder of this Section 12.19, all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in Law or in equity, or granted by statute) that may be based upon, are in respect of, arise under, arise out or by reason of, are connected with, or relate in any manner to this Agreement, the negotiation, execution, or the performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement) or the transaction contemplated hereby and thereby, may be made only against (and are expressly limited to) the entities that are expressly identified as "Parties" in the preamble to this Agreement or any successor or permitted assign of any such Parties ("Contracting Parties"). No Person who is not a Contracting Party, including without limitation any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, or Representative of, and any financial advisor, lender, investor or equity provider (whether actual or prospective) of, any Contracting Party, or any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney, or Representative of, and any financial advisor, lender, investor or equity provider (whether actual or prospective) of, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in Law or in equity, or granted by statute) to any Contracting Party with which it is not engaged or does not have a contractual relationship with (outside of this Agreement) or any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement, the performance of this Agreement, or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by Law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates. Without limiting the foregoing, to the maximum extent permitted by Law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at Law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of the other Contracting Party on any of its Nonparty Affiliates, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any of the other Contracting Party's Nonparty Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Notwithstanding anything in this Section 12.19 to the contrary, this Section 12.19 does not provide (and shall in no event be interpreted to provide) for any waiver, release or relinquishment by any Contracting Party of any claims, obligations, liabilities, or causes of action (whether in contract or in tort, in Law or in equity, or granted by statute) of any sort which such Contracting Party may have against any of Nonparty Affiliates (being those that such Contracting Party has engaged or has a contractual relationship with outside of this Agreement).

12.20 **Reliance.** Notwithstanding anything to the contrary in this Agreement, each Party has relied upon and will be deemed to have relied upon for all purposes of this Agreement all of the other Party's express indemnification obligations set forth in this Agreement or any other documents contemplated as a part of this transaction and all of the other Party's express representations, warranties, covenants and agreements set forth in this Agreement and in each other document contemplated as a part of this transaction (including, for purposes of clarity, the special warranty of Defensible Title set forth in the Assignment and Bill of Sale).

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IN WITNESS WHEREOF, this Agreement has been signed by each of the Parties as of the Execution Date.

SELLER:

SHAD PERMIAN, LLC

By: BSP ENERGY AIV-SABALO GP, LLC,
its general partner

By: /s/ Michael Frick
Name: Michael Frick
Title: Authorized Signatory

PURCHASER:

LAREDO PETROLEUM, INC.

By: /s/ Jason Pigott
Name: Jason Pigott
Title: President and Chief Executive Officer

EXHIBIT C

FORM OF REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of [●], 2021 (the "Closing Date"), is entered into by and among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Sabalo Energy, LLC, a Texas limited liability company (the "Sabalo Investor"), Shad Permian, LLC, a Delaware limited liability company (the "Shad Investor" and together with the Sabalo Investor, the "Investors"), and the other Holders (as defined below) from time to time parties hereto.

RECITALS

WHEREAS, this Agreement is being entered into pursuant to, and in connection with the closing of the transactions contemplated by, that certain (i) Purchase and Sale Agreement, dated as of May 7th, 2021, by and between the Company, as purchaser, and the Sabalo Investor, as seller (as amended, supplemented or otherwise modified from time to time, the "Sabalo Purchase Agreement"), and (ii) Purchase and Sale Agreement, dated as of May [●], 2021, by and between the Company, as purchaser, and the Shad Investor, as seller (as amended, supplemented or otherwise modified from time to time, the "Shad Purchase Agreement");

WHEREAS, on the Closing Date, in connection with the closing of the transactions contemplated by the Sabalo Purchase Agreement, the Company has issued to the Sabalo Investor [●] shares (the "Sabalo Issued Shares") of Common Stock (as defined herein) in accordance with the terms of the Sabalo Purchase Agreement;

WHEREAS, on the Closing Date, in connection with the closing of the transactions contemplated by the Shad Purchase Agreement, the Company has issued to the Shad Investor [●] shares (collectively with the Sabalo Issued Shares, the "Issued Shares") of Common Stock in accordance with the terms of the Shad Purchase Agreement;

WHEREAS, resales by the Holders of the Issued Shares may be required to be registered under the Securities Act (as defined herein) and applicable state securities laws, depending on the status of the Holders or the intended method of distribution of the Issued Shares; and

WHEREAS, the Company and the Holders have agreed to enter into this Agreement pursuant to which the Company hereby grants the Holders certain registration rights under the Securities Act and other rights with respect to the Registrable Securities (as defined herein) in furtherance of the foregoing.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS AND REFERENCES

Section 1.1 As used herein, the following terms shall have the following respective meanings:

"Adoption Agreement" means an Adoption Agreement substantially in the form attached hereto as Exhibit A.

"Affiliate" means (a) as to any Person, other than an individual Holder, any other Person who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person and (b) as to any individual, (i) any Relative of such individual, (ii) any trust whose primary beneficiaries are one or more of such individual and such individual's Relatives, (iii) the legal representative or guardian of such individual or any of such individual's Relatives if one has been appointed and (iv) any Person controlled by any one or more of such individual and the Persons referred to in clauses (i), (ii) or (iii) above. As used in this Agreement, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such Person (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise).

"Agreement" has the meaning set forth in the introductory paragraph.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday, Sunday, any federal holiday or any other day on which banking institutions in the State of Texas or the State of New York are authorized or required to be closed by law or governmental action.

"Commission" means the Securities and Exchange Commission or any successor governmental agency.

"Common Stock" means the common stock of the Company, par value $0.01 per share.

"Company" has the meaning set forth in the introductory paragraph.

"Company Securities" means, with respect to any Shelf Underwritten Offering or Piggyback Underwritten Offering, the shares of Common Stock that the Company proposes to include in such Underwritten Offering for its own account.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Holder" means any record holder of Registrable Securities.

"Holder Securities" means (a) with respect to any Shelf Underwritten Offering, the Registrable Securities requested to be included in such Shelf Underwritten Offering by the Requesting Holders and the Shelf Piggybacking Holders and (b) with respect to any Piggyback Underwritten Offering, the Registrable Securities requested to be included in such Piggyback Underwritten Offering by the Piggybacking Holders.

"Indemnified Party" has the meaning set forth in Section 3.3.

"Indemnifying Party" has the meaning set forth in Section 3.3.

"Issued Shares" has the meaning set forth in the recitals.

"Losses" has the meaning set forth in Section 3.1.

"Majority Holders" means, at any time, the Holder or Holders of more than fifty percent (50%) of the Registrable Securities at such time.

"Managing Underwriter" means, with respect to any Underwritten Offering, the lead book-running manager(s) of such Underwritten Offering.

"Opt-Out Holder" means a Holder that has delivered to the Company an Opt-Out Notice, and has not revoked such Opt-Out Notice, pursuant to Section 2.10.

"Opt-Out Notice" has the meaning set forth in Section 2.10.

"Permitted Transferee" means (a) with respect to each Investor or any other Person described in this clause (a) that becomes a Holder, (i) any of the direct or indirect partners, stockholders or members of such Investor and, solely in the case of the Sabalo Investor, of Sabalo Energy, Inc., Sabalo Holdings, LLC or Raven Oil & Gas, LLC or (ii) any trust, family partnership or family limited liability company, the sole beneficiaries, partners or members of which are a Person described in the foregoing clause (i) or Relatives of such a Person, and (b) with respect to any Holder, any Affiliate of such Holder.

"Person" means any individual, corporation, partnership, limited liability company, firm, association, trust, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

"Piggyback Underwritten Offering" has the meaning set forth in Section 2.4(a).

"Piggybacking Holder" has the meaning set forth in Section 2.4(a).

"Proceeding" means an action, claim, suit, arbitration, or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registrable Securities" means (a) the Issued Shares and (b) any securities issued or issuable with respect to the Issued Shares by way of distribution or in connection with any reorganization or other recapitalization, merger, consolidation or otherwise; *provided*, *however*, that a Registrable Security shall cease to be a Registrable Security when (i) such Registrable Security has been disposed of pursuant to an effective Registration Statement, (ii) such Registrable Security has been disposed of under Rule 144 or any other exemption from the registration requirements of the Securities Act as a result of which the Transferee thereof does not receive "restricted securities" as defined in Rule 144, or (iii) (1) such Registrable Security and all other Registrable Securities held by the Holder of such Registrable Security are freely tradeable by such Holder without volume or other limitations or requirements under Rule 144 and (2) such Holder and its Affiliates collectively hold less than five percent (5%) of the outstanding shares of Common Stock.

"Registration Expenses" means all expenses incurred by the Company in complying with Article II, including, without limitation, all registration and filing fees, printing expenses, road show expenses, fees and disbursements of counsel and independent public accountants and independent reserve engineers for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, and the reasonable fees and disbursements of one special legal counsel to represent all Holders in an applicable Shelf Underwritten Offering or Piggyback Underwritten Offering not to exceed $25,000 per Shelf Underwritten Offering or Piggyback Underwritten Offering, but excluding any Selling Expenses.

"Registration Statement" means any registration statement of the Company filed or to be filed with the Commission under the Securities Act, including the related prospectus, amendments, and supplements to such registration statement, and including pre- and post-effective amendments and all exhibits and all material incorporated by reference in such registration statement.

"Relative" means, with respect to any individual: (a) such individual's spouse, (b) any lineal descendant, parent, grandparent, great grandparent or sibling of such individual or any lineal descendant of any such sibling (in each case whether by blood or legal adoption), and (c) the spouse of an individual person described in clause (b) of this definition.

"Requesting Holders" has the meaning set forth in Section 2.2(a).

"Required Shelf Filing Date" means the fifth (5^{th}) Business Day after the Closing Date.

"Sabalo Holder" means each of (a) the Sabalo Investor and (b) each Person to which the registration and other rights granted to the Sabalo Investor under this Agreement are transferred or assigned pursuant to Article V, including successive transferees or assignees of such rights pursuant to Article V, in each case, for so long as such Person is a Holder.

"Sabalo Investor" has the meaning set forth in the recitals.

"Sabalo Issued Shares" has the meaning set forth in the recitals.

"Sabalo Purchase Agreement" has the meaning set forth in the recitals.

"Section 2.2 Maximum Number of Shares" has the meaning set forth in Section 2.2(c).

"Section 2.4 Maximum Number of Shares" has the meaning set forth in Section 2.4(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder.

"Selling Expenses" means all (a) underwriting fees, discounts and selling commissions allocable to the sale of Registrable Securities, (b) transfer taxes allocable to the sale of the Registrable Securities and (c) costs or expenses related to any roadshows conducted in connection with the marketing of any Shelf Underwritten Offering.

"Selling Holder" means a Holder selling Registrable Securities pursuant to a Registration Statement.

"Shad Investor" has the meaning set forth in the recitals.

"Shad Purchase Agreement" has the meaning set forth in the recitals.

"Shelf Piggybacking Holder" has the meaning set forth in Section 2.2(b).

"Shelf Registration Statement" has the meaning set forth in Section 2.1(a).

"Shelf Underwritten Offering" has the meaning set forth in Section 2.2(a).

"Shelf Underwritten Offering Request" has the meaning set forth in Section 2.2(a).

"Suspension Period" has the meaning set forth in Section 2.3.

"Transfer" means any offer, sale, pledge, encumbrance, hypothecation, entry into any contract to sell, grant of an option to purchase, short sale, assignment, transfer, exchange, gift, bequest or other disposition, direct or indirect, in whole or in part, by operation of law or otherwise. "Transfer," when used as a verb, and "Transferee" and "Transferor" have correlative meanings.

"Underwritten Offering" means an offering (including an offering pursuant to a Shelf Registration Statement) in which shares of Common Stock are sold to an underwriter for reoffer.

"Underwritten Offering Filing" means (a) with respect to a Shelf Underwritten Offering, a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to the Shelf Registration Statement relating to such Shelf Underwritten Offering, and (b) with respect to a Piggyback Underwritten Offering, (i) a preliminary prospectus supplement (or prospectus supplement if no preliminary prospectus supplement is used) to an effective shelf Registration Statement (other than the Shelf Registration Statement) or (ii) a Registration Statement, in each case relating to such Piggyback Underwritten Offering.

"WKSI" means a "well-known seasoned issuer" as such term is defined in Rule 405.

Section 1.2 **References**. In this Agreement, unless otherwise expressly indicated, (a) each reference to an Article or Section is to the applicable Article or Section of this Agreement; (b) the terms "herein", "hereunder", "hereof" or terms of similar import refer to this Agreement as a whole and not to any particular Article, Section or other part of this Agreement; (c) references to any Rule are to the applicable rule promulgated under the Securities Act; and (d) references to any statute, rule or regulation (or to any particular section or other part of any of the foregoing) include (i) such statute, rule or regulation (or part thereof) as amended and in effect from time to time and (ii) any successor statute, rule or regulation (or part thereof) to such statute, rule or regulation (or part thereof).

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 **Shelf Registration**.

(a) As soon as practicable after the Closing Date, and in any event on or prior to the Required Shelf Filing Date, the Company shall prepare and file a "shelf" registration statement under the Securities Act to permit the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 (such Registration Statement and any other Registration Statement contemplated by Section 2.1(b) or Section 2.1(c), the "Shelf Registration Statement"). The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to become or be declared effective as soon as practicable after the filing thereof; *provided, however*, that, if the Company is a WKSI at time of filing of the Shelf Registration Statement, the Shelf Registration Statement shall be an automatic shelf registration statement that becomes effective upon filing with the Commission pursuant to Rule 462(e). The Company shall notify the Holders of the effectiveness of the Shelf Registration Statement no later than one (1) Business Day after the Shelf Registration Statement becomes or is declared effective.

(b) The Shelf Registration Statement shall be on Form S-3 or, if Form S-3 is not then available to the Company, on Form S-1 or such other form of registration statement as is then available to effect a registration for resale of the Registrable Securities pursuant to Rule 415; *provided, however*, that if the Company has filed the Shelf Registration Statement on Form S-1 and subsequently becomes eligible to use Form S-3 or any equivalent or successor form, the Company shall (i) file a post-effective amendment to the Shelf Registration Statement converting such Registration Statement on Form S-1 to a Registration Statement on Form S-3 or any equivalent or successor form or (ii) file a new Shelf Registration Statement on Form S-3 or any equivalent or successor form, upon the effectiveness of which the Company may withdraw the Shelf Registration Statement on Form S-1. The Shelf Registration Statement shall contain a prospectus in such form as to permit any Holder to sell such Registrable Securities pursuant to Rule 415 at any time beginning on the effective date for such Registration Statement. The Shelf Registration Statement shall provide for the distribution or resale pursuant to any method or combination of methods legally available to the Holders.

(c) The Company shall use its commercially reasonable efforts to cause the Shelf Registration Statement to remain effective, and to be supplemented and amended as promptly as practicable to the extent necessary to ensure that the Shelf Registration Statement is available or, if not available, that another Registration Statement is available, for the resale of all of the Registrable Securities by the Holders from time to time as permitted by Rule 415 until all of the Registrable Securities have ceased to be Registrable Securities or the earlier termination of this Agreement as to all Holders pursuant to Section 6.1.

(d) When effective, the Shelf Registration Statement (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained in the Shelf Registration Statement, in the light of the circumstances under which such statements are made).

Section 2.2 Underwritten Shelf Offering Requests.

(a) In the event that any Sabalo Holder or group of Sabalo Holders elects to dispose of Registrable Securities under a Registration Statement pursuant to an Underwritten Offering and reasonably expects gross proceeds of at least $25 million from such Underwritten Offering (including proceeds attributable to any Registrable Securities included in such Underwritten Offering by any Shelf Piggybacking Holders), the Company shall, at the request (a "Shelf Underwritten Offering Request") of such Holder or Holders (in such capacity, the "Requesting Holders"), enter into an underwriting agreement in a form as is customary in Underwritten Offerings of securities by the Company with the underwriter or underwriters selected by the Company (provided that each such underwriter shall be a nationally recognized investment banking firm reasonably acceptable to the Requesting Holders holding a majority of the shares of Common Stock requested to be included in such Underwritten Offering by the Requesting Holders) and shall take all such other reasonable actions as are requested by the Managing Underwriter of such Underwritten Offering and/or the Requesting Holders in order to expedite or facilitate the disposition of such Registrable Securities and, subject to Section 2.2(c), the Registrable Securities requested to be included by any Shelf Piggybacking Holder (a "Shelf Underwritten Offering"); *provided, however*, that the Company shall have no obligation to facilitate or participate in more than two (2) Shelf Underwritten Offerings during any 12-month period (and no more than one Shelf Underwritten Offering in any 90-day period).

(b) If the Company receives a Shelf Underwritten Offering Request, it will give written notice of such proposed Shelf Underwritten Offering to each Holder (other than the Requesting Holders and any Opt-Out Holder), which notice shall include the anticipated filing date of the related Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Shelf Underwritten Offering, and of such Holders' rights under this Section 2.2(b). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering); *provided*, that if the Shelf Underwritten Offering is a bought or overnight Underwritten Offering and the Managing Underwriter advises the Company and the Requesting Holder that the giving of notice pursuant to this Section 2.2(b) would adversely affect the offering, no such notice shall be required (and such Holders (other than the Requesting Holders) shall have no right to include Registrable Securities in such bought or overnight Underwritten Offering). If such notice is delivered pursuant to this Section 2.2(b), each such Holder shall then have two (2) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.2(b) to request inclusion of Registrable Securities in the Shelf Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Shelf Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Shelf Underwritten Offering.

(c) If the Managing Underwriter of the Shelf Underwritten Offering shall inform the Requesting Holders of its belief that the number of Registrable Securities requested to be included in such Shelf Underwritten Offering by the Holders (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering) would materially and adversely affect such offering, then the Company shall include in the applicable Underwritten Offering Filing, to the extent of the total number of shares of Common Stock that the Requesting Holders are so advised can be sold in such Shelf Underwritten Offering without so materially adversely affecting such offering (the "Section 2.2 Maximum Number of Shares"), Registrable Securities in the following priority:

(i) first, the Holder Securities, *pro rata* among the Holders based on the number of Registrable Securities each requested to be included, and

(ii) second, to the extent that the number of Holder Securities is less than the Section 2.2 Maximum Number of Shares, the shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Shelf Underwritten Offering).

(d) The Requesting Holders shall determine the pricing of the Registrable Securities offered pursuant to any Shelf Underwritten Offering and the applicable underwriting discounts and commissions and determine the timing of any such Shelf Underwritten Offering, subject to Section 2.3.

(e) Each Holder shall have the right to withdraw its Registrable Securities from the Shelf Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

Section 2.3 Delay and Suspension Rights. Notwithstanding any other provision of this Agreement, the Company may (a) delay effecting a Shelf Underwritten Offering or (b) suspend the Holders' use of any prospectus that is a part of a Shelf Registration Statement upon written notice to each Holder whose Registrable Securities are included in such Shelf Registration Statement (provided that in no event shall such notice contain any material non-public information regarding the Company) (in which event such Holder shall discontinue sales of Registrable Securities pursuant to such Registration Statement but may settle any then-contracted sales of Registrable Securities), in each case for a period of up to sixty (60) consecutive days, if the Board determines (i) that such delay or suspension is in the best interest of the Company and its stockholders generally due to a pending financing or other transaction involving the Company, (ii) that such registration or offering would render the Company unable to comply with applicable securities laws or (iii) that such registration or offering would require disclosure of material information that the Company has a *bona fide* business purpose for preserving as confidential (any such period, a "Suspension Period"); *provided*, *however*, that in no event shall any Suspension Periods collectively exceed an aggregate of ninety (90) days in any 180-day period or exceed an aggregate of one hundred twenty (120) days in any 12-month period; *provided*, *further*, that (1) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in the 180-day period and 12-month period immediately following the Closing Date shall be reduced by the number of days after the Required Shelf Filing Date that the Shelf Registration Statement is declared or otherwise becomes effective, and (2) the number of days that the Company may so delay or suspend in accordance with this Section 2.3 in any 180-day period or 12-month period shall be reduced by the number of days in such period during which the Holders were obligated to discontinue their disposition of Registrable Securities pursuant to Section 2.6(b).

Section 2.4 Piggyback Registration Rights.

(a) Subject to Section 2.4(c), if the Company at any time proposes to file an Underwritten Offering Filing for an Underwritten Offering of shares of Common Stock for its own account or for the account of any other Persons who have or have been granted registration rights, other than the Holders (a "Piggyback Underwritten Offering"), it will give written notice of such Piggyback Underwritten Offering to each Holder (other than any Opt-Out Holder), which notice shall include the anticipated filing date of the Underwritten Offering Filing and, if known, the number of shares of Common Stock that are proposed to be included in such Piggyback Underwritten Offering, and of such Holders' rights under this Section 2.4(a). Such notice shall be given promptly (and in any event at least five (5) Business Days before the filing of the Underwritten Offering Filing or two (2) Business Days before the filing of the Underwritten Offering Filing in connection with a bought or overnight Underwritten Offering). If such notice is delivered to pursuant to this Section 2.4(a), each such Holder shall then have four (4) Business Days (or one (1) Business Day in the case of a bought or overnight Underwritten Offering) after the date on which the Holders received notice pursuant to this Section 2.4(a) to request inclusion of Registrable Securities in the Piggyback Underwritten Offering (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and such other information as is reasonably required to effect the inclusion of such Registrable Securities) (any such Holder making such request, a "Piggybacking Holder"). If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Piggyback Underwritten Offering. Subject to Section 2.4(c), the Company shall use its commercially reasonable efforts to include in the Piggyback Underwritten Offering all Registrable Securities that the Company has been so requested to include by the Piggybacking Holders; *provided*, *however*, that if, at any time after giving written notice of a proposed Piggyback Underwritten Offering pursuant to this Section 2.4(a) and prior to the execution of an underwriting agreement with respect thereto, the Company or such other Persons who have or have been granted registration rights, as applicable, shall determine for any reason not to proceed with or to delay such Piggyback Underwritten Offering, the Company shall give written notice of such determination to the Piggybacking Holders and (i) in the case of a determination not to proceed, shall be relieved of its obligation to include any Registrable Securities in such Piggyback Underwritten Offering (but not from any obligation of the Company to pay the Registration Expenses in connection therewith), and (ii) in the case of a determination to delay, shall be permitted to delay inclusion of any Registrable Securities for the same period as the delay in including the shares of Common Stock to be sold for the Company's account or for the account of such other Persons who have or have been granted registration rights, as applicable.

(b) Each Piggybacking Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Piggyback Underwritten Offering at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to the Company of its request to withdraw.

(c) If the Managing Underwriter of the Piggyback Underwritten Offering shall inform the Company of its belief that the number of Registrable Securities requested to be included in such Piggyback Underwritten Offering, when added to the number of shares of Common Stock proposed to be offered by the Company or such other Persons who have or have been granted registration rights (and any other shares of Common Stock requested to be included by any other Persons having registration rights with respect to such offering), would materially and adversely affect such offering, then the Company shall include in such Piggyback Underwritten Offering, to the extent of the total number of securities which the Company is so advised can be sold in such offering without so materially adversely affecting such offering (the "Section 2.4 Maximum Number of Shares"), shares of Common Stock in the following priority:

(i) if the Piggyback Underwritten Offering is initiated for the account of the Company:

(1) first, the Company Securities,

(2) second, to the extent that the number of Company Securities is less than the Section 2.4 Maximum Number of Shares, the Holder Securities, *pro rata* among the Piggybacking Holders based on the number of shares of Common Stock each requested to be included, and

(3) third, to the extent that the number of Company Securities plus the number of Holder Securities is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that other Persons who have or have been granted registration rights propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering);

(ii) if the Piggyback Underwritten Offering is initiated on or before the third anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights:

(1) first, the Holder Securities, *pro rata* among the Piggybacking Holders based on the number of shares of Common Stock each requested to be included,

(2) second, to the extent that the number of Holder Securities is less than the Section 2.4 Maximum Number of Shares, the shares of Common Stock that such other Persons propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering), and

(3) third, to the extent that the number of Holder Securities plus the number of shares of Common Stock that such other Persons propose to include is less than the Section 2.4 Maximum Number of Shares, any Company Securities; or

(iii) if the Piggyback Underwritten Offering is initiated after the third anniversary of the Closing Date for the account of any other Persons who have or have been granted registration rights:

(1) first, the shares of Common Stock that such other Persons propose to include, *pro rata* among such other Persons based on the number of shares of Common Stock each requested to be included (or on such other basis of allocation among such other Persons as may be provided for in the instruments governing the registration rights of such Persons with respect to such Piggyback Underwritten Offering),

(2) second, to the extent that the number of shares of Common Stock proposed to be included by such other Persons is less than the Section 2.4 Maximum Number of Shares, the Holder Securities, *pro rata* among the Piggybacking Holders based on the number of shares of Common Stock each requested to be included, and

(3) third, to the extent that the number of shares of Common proposed to be included by such other Persons plus the number of Holder Securities is less than the Section 2.4 Maximum Number of Shares, any Company Securities.

Section 2.5 Participation in Underwritten Offerings.

(a) In connection with any Underwritten Offering contemplated by Section 2.2 or Section 2.4, the underwriting agreement into which each Selling Holder and the Company shall enter into shall contain such representations, covenants, indemnities (subject to Article III) and other rights and obligations as are customary in Underwritten Offerings of securities by the Company, and the Company shall be entitled to designate counsel for the underwriters. No Selling Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Selling Holder's authority to enter into such underwriting agreement and to sell, and its ownership of, the securities being registered on its behalf, its intended method of distribution and any other representation required by law.

(b) Any participation by the Piggybacking Holders in a Piggyback Underwritten Offering shall be in accordance with the plan of distribution of the Company or the other Persons who have registration rights, as applicable.

(c) In connection with any Piggyback Underwritten Offering in which any Piggybacking Holder includes Registrable Securities pursuant to Section 2.4, such Piggybacking Holder agrees (i) to supply any information reasonably requested by the Company in connection with the preparation of any Underwritten Offering Filing for such Piggyback Underwritten Offering and (ii) to execute and deliver any agreements and instruments being executed by all holders on substantially the same terms reasonably requested by the Company or the Managing Underwriter, as applicable, to effectuate such Piggyback Underwritten Offering, including, without limitation, underwriting agreements (subject to Section 2.5(a)), custody agreements, powers of attorney, questionnaires, and lock-ups or "hold back" agreements pursuant to which such Piggybacking Holder agrees with the Managing Underwriter not to sell or purchase any securities of the Company for the shorter of (i) the same period of time following the registered offering as is agreed to by the Company and the other participating holders (not to exceed the shortest number of days that any director of the Company, "executive officer" (as defined under Section 16 of the Exchange Act) of the Company or any stockholder of the Company (other than a Holder or director or employee of, or consultant to, the Company) who owns ten percent (10%) or more of the outstanding Shares contractually agrees with the underwriters of such Piggyback Underwritten Offering not to sell any securities of the Company following such Piggyback Underwritten Offering) and (ii) sixty (60) days from the date of the execution of the underwriting agreement with respect to such Piggyback Underwritten Offering.

Section 2.6 Registration Procedures.

(a) In connection with its obligations under this Article II, the Company will take all reasonably necessary action to facilitate and effect the transactions contemplated thereby, including, but not limited to, the following:

(i) promptly prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the Selling Holder or Selling Holder thereof set forth in such Registration Statement;

(ii) furnish to each Selling Holder, without charge, such number of conformed copies of such Registration Statement and of each such amendment and supplement thereto (in each case including without limitation all exhibits), such number of copies of the prospectus contained in such Registration Statement (including without limitation each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424, in conformity with the requirements of the Securities Act, and such other documents, as such Selling Holder may reasonably request;

(iii) if applicable, use its commercially reasonable efforts to register or qualify all Registrable Securities and other securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as each Selling Holder thereof shall reasonably request, to keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and to take any other action which may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition in such jurisdictions of the securities owned by such Selling Holder, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (iii) be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(iv) use its commercially reasonable efforts to provide to each Selling Holder and any underwriters a copy of any customary auditor "comfort" letters, legal opinions or reports of the independent reserve engineers of the Company relating to the oil and gas reserves of the Company;

(v) promptly notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any such Selling Holder promptly prepare and file or furnish to such Selling Holder a reasonable number of copies of a supplement or post-effective amendment to the Registration Statement or a supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vi) otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act, and furnish to each such Selling Holder at least the Business Day prior to the filing thereof a copy of any amendment or supplement to such Registration Statement or prospectus;

(vii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement;

(viii) in connection with the preparation and filing of any Registration Statement or any sale of Registrable Securities in connection therewith, give the Holders offering and selling thereunder, any underwriters and their respective counsels the opportunity to review and provide comments on such Registration Statement, each Prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto (other than amendments or supplements that do not make any material change in the information related to the Company) (provided that the Company shall not file any such Registration Statement including Registrable Securities or an amendment thereto or any related prospectus or any supplement thereto to which such Holders or any underwriter shall reasonably object in writing), and give each of them, together with any underwriter, broker, dealer or sales agent involved therewith, such access to its books and records and such opportunities to discuss the business of the Company and its subsidiaries with its officers, its counsel, the independent public accountants who have certified its financial statements, and the independent reserve engineers of the Company as shall be necessary, in the opinion of the Holder's and such underwriters' (or broker's, dealer's or sales agent's, as the case may be) respective counsel, to conduct a reasonable due diligence investigation within the meaning of the Securities Act;

(ix) use its commercially reasonable efforts to prevent the issuance of any order suspending the effectiveness of the Registration Statement, and, if any such order suspending the effectiveness of such Registration Statement is issued, shall promptly use its commercially reasonable efforts to obtain the withdrawal of such order at the earliest possible moment;

(x) promptly notify the Holders (i) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation or threat of any proceedings for that purpose, (ii) of any delisting or pending delisting of the Common Stock by any national securities exchange or market on which the Common Stock are then listed or quoted, and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose;

(xi) cause all Registrable Securities covered by such Registration Statement to be listed on any securities exchange on which the Common Stock is then listed;

(xii) enter into such customary agreements, including but not limited to lock-up agreements by the Company (and, if reasonably requested by the Managing Underwriter(s), the Company's directors and "executive officers" (as defined under Section 16 of the Exchange Act)) that extend through sixty (60) days following the entrance into the corresponding underwriting agreement, and to take such other actions as the Holder or Holders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities; and

(xiii) cause its officers to use their commercially reasonable efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, participation in electronic or telephonic "road shows").

(b) Each Holder agrees by acquisition of Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.6(a)(v), such Holder will forthwith discontinue such Holder's disposition of Registrable Securities pursuant to the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.6(a)(v) as filed with the Commission or until it is advised in writing by the Company that the use of such Registration Statement may be resumed, and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. The Company may provide appropriate stop orders to enforce the provisions of this Section 2.6(b).

Section 2.7 Cooperation by Holders. The Company shall have no obligation to include Registrable Securities of a Holder in any Registration Statement or Underwritten Offering if such Holder has failed to timely furnish such information as the Company may, from time to time, reasonably request in writing regarding such Holder and the distribution of such Registrable Securities that the Company determines, after consultation with its counsel, is reasonably required in order for any registration statement or prospectus supplement, as applicable, to comply with the Securities Act.

Section 2.8 **Expenses**. The Company shall be responsible for all Registration Expenses incident to its performance of or compliance with its obligations under this Article II. Each Selling Holder shall pay its pro rata share of all Selling Expenses in connection with any sale of its Registrable Securities hereunder.

Section 2.9 **No Inconsistent Agreements; Additional Rights**. The Company is not currently a party to and shall not hereafter enter into any agreement with respect to its securities that is inconsistent with or that in any way violates or subordinates rights granted to the Holders by this Agreement without the prior written consent of the Majority Holders.

Section 2.10 **Opt-Out Notices**. Any Holder may deliver notice (an "Opt-Out Notice") to the Company requesting that such Holder not receive notice from the Company of any proposed Shelf Underwritten Offering or Piggyback Underwritten Offering; *provided, however*, that such Holder may later revoke any such Opt-Out Notice by giving notice to the Company of such revocation. Following receipt of an Opt-Out Notice from a Holder (unless subsequently revoked), the Company shall not deliver any notice to such Opt-Out Holder pursuant to Section 2.2 or Section 2.4, as applicable, and such Opt-Out Holder shall no longer be entitled to the rights associated with any such notice.

ARTICLE III
INDEMNIFICATION AND CONTRIBUTION

Section 3.1 **Indemnification by the Company**. The Company will indemnify and hold harmless each Holder, its officers and directors and each Person (if any) that controls such Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities, costs and expenses (including attorneys' fees) ("Losses") caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact (a) contained in any Registration Statement relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (b) included in any prospectus relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, *provided*, *however*, that such indemnity shall not apply to that portion of such Losses caused by, or arising out of, any untrue statement, or alleged untrue statement or any such omission or alleged omission, to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of such Holder expressly for use therein.

Section 3.2 **Indemnification by the Holders**. Each Holder agrees to indemnify and hold harmless the Company, its officers and directors and each Person (if any) that controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Losses caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or prospectus relating to Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus, in the light of the circumstances under which such statement is made), only to the extent such statement or omission was made in reliance upon and in conformity with information furnished in writing by or on behalf of such Holder expressly for use therein.

Section 3.3 **Indemnification Procedures**. In case any Proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 3.1 or Section 3.2, such Person (the "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing (provided that the failure of the Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article III, except to the extent the Indemnifying Party is actually and materially prejudiced by such failure to give notice), and the Indemnifying Party shall be entitled to participate in such Proceeding and, unless in the reasonable opinion of outside counsel to the Indemnified Party a conflict of interest between the Indemnified Party and Indemnifying Party may exist in respect of such claim, to assume the defense thereof jointly with any other Indemnifying Party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party that it so chooses, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; *provided*, *however*, that (a) if the Indemnifying Party fails to assume the defense or employ counsel reasonably satisfactory to the Indemnified Party, (b) if such Indemnified Party who is a defendant in any action or Proceeding that is also brought against the Indemnifying Party reasonably shall have concluded that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party or (c) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct then, in any such case, the Indemnified Party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all Indemnified Parties in each jurisdiction, except to the extent any Indemnified Party or Parties reasonably shall have concluded that there may be legal defenses available to such party or parties that are not available to the other Indemnified Parties or to the extent representation of all Indemnified Parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct) and the Indemnifying Party shall be liable for any expenses therefor. No Indemnifying Party shall, without the written consent of the Indemnified Party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the

Indemnified Party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (a) includes an unconditional release of the Indemnified Party from all liability arising out of such action or claim and (b) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any Indemnified Party.

Section 3.4 Contribution.

(a) If the indemnification provided for in this Article III is unavailable to an Indemnified Party in respect of any Losses in respect of which indemnity is to be provided hereunder, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company (on the one hand) and a Holder (on the other hand) shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(b) The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Article III were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 3.4(a). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in Section 3.4(a) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Article III, no Holder shall be liable for indemnification or contribution pursuant to this Article III for any amount in excess of the net proceeds of the offering received by such Holder, less the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE IV
RULE 144; ASSISTANCE WITH TRANSFERS

Section 4.1 Rule 144.

(a) With a view to making available the benefits of certain rules and regulations of the Commission that may permit the resale of the Registrable Securities without registration, the Company agrees to use its commercially reasonable efforts to:

(i) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144, at all times from and after the date hereof;

(ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times from and after the date hereof; and

(iii) so long as a Holder owns any Registrable Securities, furnish (i) to the extent accurate, forthwith upon request, a written statement of the Company that it has complied with the reporting requirements of Rule 144 and (ii) unless otherwise available via the Commission's EDGAR filing system, to such Holder forthwith upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

Section 4.2 **Assistance with Transfers**. In connection with any sale or transfer of Registrable Securities by any Holder, including any sale or transfer pursuant to Rule 144 and other rules and regulations of the Commission that may at any time permit a Holder of Registrable Securities to sell securities of the Company to the public without registration, the Company shall, to the extent allowed by law, take any and all action necessary or reasonably requested by such Holder in order to permit or facilitate such sale or transfer, including, without limitation, at the sole expense of the Company, by (a) issuing such directions to any transfer agent, registrar or depositary, as applicable, (b) delivering such opinions to the transfer agent, registrar or depositary as are customary for the transaction of this type and are reasonably requested by the same, and (c) taking or causing to be taken such other actions as are reasonably necessary (in each case on a timely basis) in order to cause any legends, notations or similar designations restricting transferability of the Registrable Securities held by such Holder to be removed and to rescind any transfer restrictions with respect to such Registrable Securities; *provided, however*, that such Holder shall deliver to the Company, in form and substance reasonably satisfactory to the Company, representation letters regarding such Holder's compliance with such rules and regulations, as may be applicable. In addition, the Company, at its sole expense, shall use commercially reasonable efforts to remove any restrictive legend on any shares of Common Stock that are Registrable Securities upon request by the Holder if (a) such shares of Common Stock are sold pursuant to an effective registration statement or (b) a registration statement covering the resale of such shares of common Stock is effective under the Securities Act and the applicable Holder delivers to the Company a representation letter agreeing that such shares of Common Stock will be sold under such effective registration statement. Furthermore, if any Holder and its Affiliates collectively beneficially own at least ten percent (10%) of the outstanding shares of Common Stock following the third anniversary of the Closing Date, at the request of such Holder, the Company shall use its commercially reasonable efforts to assist such Holders with respect to any potential private transfer of any Common Stock held by such Holder and its Affiliates, including (a) entering into customary confidentiality agreements with any prospective transferees, (b) affording to such Holders, its Affiliates and any prospective transferees and their respective counsel, accountants, lenders and other representatives, reasonable access during normal business hours to the properties, books, contracts and records of the Company and (c) providing reasonable availability of appropriate members of senior management of the Company to provide customary due diligence assistance in connection with any such transfer; *provided, however*, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the Company's business and operations.

ARTICLE V
TRANSFER OR ASSIGNMENT OF RIGHTS

The rights to cause the Company to register Registrable Securities and other rights under this Agreement may be transferred or assigned by each Holder to one or more Transferees or assignees of Registrable Securities if (a) such Transferee is (i) a Permitted Transferee of such Holder or (ii) acquiring at least $25 million of Registrable Securities as determined by reference to the volume weighted average price for such Registrable Securities on any securities exchange or market on which the Common Stock is then listed or quoted for the five trading days immediately preceding the applicable determination date (the "5-Day VWAP"), and (b) such Transferee has delivered to the Company a duly executed Adoption Agreement.

ARTICLE VI
MISCELLANEOUS

Section 6.1 **Termination**. This Agreement shall terminate as to any Holder, when such Holder no longer owns any shares of Common Stock that constitute Registrable Securities; *provided*, *however*, that Article III and this Article VI (other than Section 6.6) shall survive any termination hereof.

Section 6.2 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

Section 6.3 **Captions**. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

Section 6.4 **Remedies**. In the event of actual or potential breach by the Company of any of its obligations under this Agreement, each Holder, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

Section 6.5 **Governing Law; Waiver of Jury Trial**.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflicts of laws that would direct the application of the laws of another jurisdiction.

(b) THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY MATTER WHATSOEVER ARISING OUT OF, IN RELATION TO, OR IN CONNECTION WITH, THIS AGREEMENT.

Section 6.6 **Adjustments Affecting Registrable Securities**. The provisions of this Agreement shall apply to any and all shares of capital stock of the Company or any successor or assignee of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution for the Registrable Securities, by reason of any stock dividend, split, reverse split, combination, recapitalization, reclassification, merger, consolidation or otherwise in such a manner and with such appropriate adjustments as to reflect the intent and meaning of the provisions hereof and so that the rights, privileges, duties and obligations hereunder shall continue with respect to the capital stock of the Company as so changed.

Section 6.7 **Binding Effects; Benefits of Agreement**. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and each Holder and its successors and assigns. Except as provided in Article V, neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or transferred, by operation of law or otherwise, by any Holder without the prior written consent of the Company.

Section 6.8 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via facsimile transmission or transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving party charged with notice, when received except that if received after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices shall be addressed as follows:

(a) If to the Company, to:

Laredo Petroleum, Inc.
15 West 6th Street, Suite 900
Tulsa, Oklahoma 74119
Attention: Mark Denny
Email: mdenny@laredopetro.com

with copies to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
600 Travis Street, Suite 2100
Houston, Texas 77002
Attention: Michael Piazza, David Aaronson
Email: mpiazza@willkie.com, daaronson@willkie.com

and

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Attention: Jeffrey Hochman
Email: jhochman@willkie.com

(b) If to the Sabalo Investor, to

Sabalo Energy, LLC
800 North Shoreline Boulevard, Suite 900 North
Corpus Christi, Texas 78407
Attention: Barry Clark
Email: bclark@sabaloenergy.com

with a copy to (which shall not constitute notice):

Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002
Attention: Molly Butkus and Charles Still
E-mail: molly.butkus@bracewell.com, charles.still@bracewell.com

(c) If to the Shad Investor, to

Shad Permian, LLC
c/o Benefit Street Partners LLC
9 West 57th Street, Suite 4920
New York, New York 10019
Attention: John Horstman
Email: j.horstman@benefitstreetpartners.com

with a copy to (which shall not constitute notice):

Haynes and Boone LLP
1221 McKinney Street, Suite 4000
Houston, Texas 77010
Attention: Austin Elam
E-mail: austin.elam@haynesboone.com

(d) If to any other Holders, to their respective addresses set forth on the applicable Adoption Agreement;

Any party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed.

Section 6.9 **Modification; Waiver**. This Agreement may be amended, modified or supplemented only by a written instrument duly executed by the Company and the Majority Holders. No course of dealing between the Company and the Holders (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 6.10 **Entire Agreement**. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

Section 6.11 **Third Party Beneficiaries**. Except as otherwise expressly provided herein, this Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns and other Persons expressly named herein.

Section 6.12 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its undersigned duly authorized representative as of the date first written above.

LAREDO PETROLEUM, INC.
a Delaware corporation

By: _____
Name:
Title:

SABALO ENERGY, LLC
a Texas limited liability company

By: _____
Name:
Title:

SHAD PERMIAN, LLC
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee ("Transferee") pursuant to the terms of that certain Registration Rights Agreement, dated as of [●], 2021, by and among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Sabalo Energy, LLC, a Texas limited liability company, Shad Permian, LLC, a Delaware limited liability company, and the Holders from time to time party thereto (as amended, supplemented, or otherwise modified from time to time, the "Registration Rights Agreement"). Terms used and not otherwise defined in this Adoption Agreement have the meanings set forth in the Registration Rights Agreement.

By the execution of this Adoption Agreement, the Transferee agrees as follows:

1. Acknowledgement. Transferee acknowledges that Transferee is acquiring certain shares of Common Stock of the Company, subject to the terms and conditions of Registration Rights Agreement, among the Company and the Holders party thereto.

2. Agreement. Transferee (i) agrees that the shares of Common Stock of the Company acquired by Transferee shall be bound by and subject to the terms of the Registration Rights Agreement, pursuant to the terms thereof, and (ii) hereby adopts the Registration Rights Agreement with the same force and effect as if he, she, or it were originally a party thereto.

3. Notice. Any notice required as permitted by the Registration Rights Agreement shall be given to Transferee at the address listed beside Transferee's signature below.

4. Joinder. The spouse of the undersigned Transferee, if applicable, executes this Adoption Agreement to acknowledge its fairness and that it is in such spouse's best interest, and to bind such spouse's community interest, if any, in the shares of Common Stock and other securities referred to above and in the Registration Rights Agreement, to the terms of the Registration Rights Agreement.

Signature:

_____

Address:
Contact Person:
Telephone No:
Email:

Exhibit 2.3

PURCHASE AND SALE AGREEMENT

BETWEEN

LAREDO PETROLEUM, INC.

AS SELLER,

AND

PIPER INVESTMENTS HOLDINGS, LLC

AS PURCHASER,

DATED AS OF MAY 7, 2021

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "**Agreement**"), is dated as of May 7, 2021, by and among Laredo Petroleum, Inc., a Delaware corporation ("**Seller**"), and Piper Investments Holdings, LLC, a Delaware limited liability company ("**Purchaser**", and, together with Seller, the "**Parties**").

RECITALS:

Seller desires to sell, and Purchaser desires to purchase, those certain oil and gas properties, rights, and related interests that are defined and described herein as the Assets.

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations, warranties, covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS; INTERPRETATION

1.1 **Certain Definitions**. As used herein:

(a) "**Affiliate**" means, with respect to any Person, a Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, with control in such context meaning the ability to direct the management or policies of a Person through ownership of voting shares or other securities, pursuant to a written agreement, or otherwise.

(b) "**Allocated Value**" means, for any Property, the portion of the Unadjusted Purchase Price that is allocated to such Property in column "Allocated Value" on **Exhibit A-2**.

(c) "**Anti-Corruption Laws**" means, in each case to the extent that they are applicable to Seller: (i) the U.S. Foreign Corrupt Practices Act of 1977 (as amended); (ii) the U.K. Bribery Act of 2010; (iii) the Canada Corruption of Foreign Public Officials Act; (iv) any applicable law, rule or regulation promulgated to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed on December 17, 1997; and (v) any other applicable anti-corruption law, rule or regulation.

(d) "**Asset Taxes**" means ad valorem, property, excise, severance, production, sales, use or similar Taxes based upon operation or ownership of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom but excluding, Income Taxes and Transfer Taxes.

(e) "**Business Day**" means any day other than a Saturday, a Sunday, or a day on which banks are closed for business in New York, New York or Houston, Texas, United States of America.

(f) "**Code**" means the United States Internal Revenue Code of 1986, as amended.

(g) "**Confidentiality Agreement**" means that certain Confidentiality Agreement dated as of April 2, 2021, by and between Seller and Sixth Street Partners, LLC, as amended from time to time.

(h) "**Defensible Title**" means, subject to the Permitted Encumbrances and, in each case below, as to the Target Formation only, that title of Seller as of the Effective Date and as of Closing that, although not constituting perfect, merchantable, or marketable title, is reasonably probable to be successfully defended if challenged and that:

(i) would entitle Purchaser (immediately after Closing) to receive (after satisfaction of all royalties, overriding royalties, nonparticipating royalties, net profits interests, or other similar burdens ("**Burdens**") on or measured by production of Hydrocarbons) not less than the Net Revenue Interest for each such Well shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** for all Hydrocarbons produced, saved, and marketed from such Well throughout the productive life of such Well, except decreases in connection with those operations in which Seller may, after the date hereof, become a nonconsenting co-owner, decreases resulting from any reversion of interest to co-owners with respect to operations in which such co-owners elected not to consent, decreases resulting from the establishment or amendment of pools or units, decreases required to allow other working interest owners to make up past underproduction or pipelines to make up past underdeliveries, and except as expressly stated herein;

(ii) would obligate Purchaser (immediately after Closing) to bear a percentage of the costs and expenses for the maintenance and development of, and operations ("**Working Interest**") relating to, each Well listed on **Exhibit A-2** not greater than the Working Interest shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** for such Well, without increase throughout the productive life of such Well, except as expressly stated in **Exhibit A-2**, and except increases resulting from contribution requirements with respect to defaulting or non-consenting co-owners under applicable operating agreements or applicable Law and increases that are accompanied by at least a proportionate increase in Purchaser's Net Revenue Interest (immediately after Closing); and

(iii) is free and clear of liens, mortgages, security interests, pledges, charges, encumbrances, obligations, or defects ("**Encumbrance**"), other than Permitted Encumbrances.

(i) "**Effective Date**" means 7:00 a.m. local time at the location of the Assets on the earlier of the Closing Date and July 1, 2021.

(j) "**Environmental Laws**" means, as the same exist as of the date hereof (and excluding all changes thereto), all Laws as of the date hereof, relating to (i) pollution, protection of the environment, or the protection of biological or natural resources or (ii) the handling, use, storage, presence, disposal, transport, release or threatened release of chemicals and other hazardous materials other than Hydrocarbons. Environmental Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601, et seq.; the Oil Pollution Act, 33 U.S.C. § 2701 et seq.; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001 et seq.; and the Safe Drinking Water Act, 42 U.S.C. §§ 300f, et seq., in each case as amended to the date hereof.

(k) "**Governmental Authority**" means any federal, state or local government and/or government of any political subdivision, and departments, courts, commissions, boards, bureaus, ministries, agencies, or other instrumentalities of any of them.

(l) "**Hydrocarbons**" means crude oil, gas, casinghead gas, condensate, natural gas liquids, and other gaseous or liquid hydrocarbons (including methane, ethane, propane, iso-butane, nor-butane, gasoline, and scrubber liquids) of any type and chemical composition.

(m) "**Income Taxes**" means income, capital gains, franchise, alternative minimum, net worth, and similar Taxes, but excluding, for the avoidance of doubt, Asset Taxes and Transfer Taxes.

(n) "**Laws**" means all laws, statutes, rules, regulations, ordinances, orders, decrees, requirements, judgments, and codes of Governmental Authorities.

(o) "**Material Adverse Effect**" means any event or circumstance that, individually or in the aggregate, results in a material adverse effect on, or that would reasonably be expected to materially and adversely affect, the ownership, rights, value, or operation of the Assets, as owned and operated by Seller as of the date hereof, taken as a whole, or that would reasonably be expected to materially impair, prevent, or delay Seller's timely consummation of the transactions contemplated by this Agreement; provided, however, that Material Adverse Effect shall not include any such result, circumstance, or matter relating to or resulting from (i) changes in oil and gas prices; (ii) general changes in markets or in industry, economic, or political conditions; (iii) changes in condition or developments generally applicable to the oil and gas industry generally or in any area or areas where the Assets are located; (iv) epidemics or pandemics, and delays or increases in costs or decreases in profits arising therefrom or relating thereto; (v) acts of God, including hurricanes, tornadoes, floods, earthquakes, and storms; (vi) acts or failures to act of Governmental Authorities; (vii) civil unrest or similar disorder; (viii) terrorist acts; (ix) changes in Laws or delays in issuing, the failure of any Governmental Authority to issue, or any change in requirements with respect to, or conditions imposed with respect to, the issuance of, any licenses, permits, easements, or approvals, and increased costs relating to the foregoing, including any ban, or the imposition of any requirements or processes (including any programmatic or specific environmental impact statement or other assessment) with respect to, hydraulic fracturing; provided that Seller's actions or inactions were not the proximate cause of or did not materially contribute to such changes or delays; (x) effects or changes that are cured or no longer exist by the earlier of the Closing and the termination of this Agreement pursuant to Article 11; (xi) any Casualty Loss; and (xii) changes resulting from any announcement of the transactions contemplated hereby or the performance of the covenants set forth in Article 7; provided, that in each case of (ii), (iii), and (vi), such result, circumstance or matter does not materially and disproportionately affect the Assets relative to other oil and gas assets located in the Permian Basin.

(p) "**Net Revenue Interests**" means, with respect to any Well identified on **Exhibit A-2**, the interest (expressed as a percentage or decimal) in and to all Hydrocarbons produced, saved, and sold from or allocated to such Well to which a Person is entitled, after giving effect to all Burdens.

(q) "**Permitted Encumbrance**" means any or all of the following:

(i) all lessors' royalties and any overriding royalties, reversionary interests, back-in interests, and other burdens to the extent that they would not reduce Purchaser's Net Revenue Interest (immediately after Closing) in any Well below that shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** or increase Purchaser's Working Interest (immediately after Closing) above that shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** without a corresponding increase in Net Revenue Interest;

(ii) the terms and conditions of the instruments creating an Asset or Seller's chain of title to any Asset, including leases, unit agreements, pooling agreements, operating agreements, production sales contracts, division orders, farmouts, exploration agreements, carried interests, sales agreements, royalty or overriding royalty agreements, and other contracts, agreements, and instruments applicable to the Assets, including provisions for penalties, suspensions, or forfeitures contained therein, in each case, to the extent that they would not reduce Purchaser's Net Revenue Interest (immediately after Closing) in any Well below that shown in the applicable column "under the heading "Buyer Interest Only" on **Exhibit A-2** or increase Purchaser's Working Interest (immediately after Closing) above that shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** without a corresponding increase in Net Revenue Interest or to the extent that they would not materially impair the use, ownership, or operation of any Property (as currently used, owned or operated);

(iii) rights of first refusal, preferential rights to purchase, and similar rights with respect to the Assets;

(iv) Third Person consent requirements and similar restrictions;

(v) liens for Taxes or assessments not yet delinquent or, if delinquent, being contested in good faith by appropriate actions;

(vi) materialman's, mechanic's, repairman's, employee's, contractor's, operator's, and other similar liens or charges for amounts not yet delinquent (including any amounts being withheld as provided by Law), or if delinquent, being contested in good faith by appropriate actions;

(vii) all rights to consent, by required notices to, filings with, or other actions by Governmental Authorities in connection with the sale or conveyance of the Assets that are customarily obtained after the conveyance of properties similar to the Assets;

(viii) except to the extent triggered prior to the Closing Date, rights of reassignment arising upon final intention to abandon or release the Assets, or any of them;

(ix) [Reserved.];

(x) easements, rights-of-way, covenants, servitudes, permits, surface leases, and other rights to use the surface, including legal highways and zoning and building Laws, to the extent that they do not materially impair the use, ownership, or operation of any Property (as currently used, owned, or operated);

(xi) any lien, charge, or other encumbrance which is expressly waived on or prior to Closing or which is discharged by Seller or Purchaser at or prior to Closing;

(xii) failure to recite marital status in a document or omissions of successors or heirship or estate proceedings (unless Purchaser provides evidence that such failure would be reasonably probable to result in another Person's superior claim to title);

(xiii) lack of a survey, unless a survey is required by Law, or any overlapping survey;

(xiv) all rights reserved to, or vested in, any Governmental Authorities to control or regulate any of the Assets in any manner or to assess Tax with respect to the Assets, the ownership, use or operation thereof, or revenue, income, or capital gains with respect thereto, and all obligations and duties under all applicable Laws of any such Governmental Authority or under any franchise, grant, license, or permit issued by any Governmental Authority;

(xv) any lien or trust arising in connection with workers' compensation, unemployment insurance, pension, or employment Laws or regulations that are not delinquent;

(xvi) defects based solely on a lack of information in Seller's or Seller's representatives' files (including title opinions);

(xvii) solely due to lack of evidence of corporate authorization or corporate approval of any instrument in Seller's chain of title (unless Purchaser provides evidence that such lack of evidence would be reasonably probable to result in another Person's superior claim to title);

(xviii) matters for which the applicable statute of limitations for assertion thereof has expired (including title by limitations or adverse possession);

(xix) depth severances or any other change in Seller's Working Interest or Net Revenue Interest to the extent that they would not reduce Purchaser's Net Revenue Interest (immediately after Closing) in any Well below that shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** or increase Purchaser's Working Interest (immediately after Closing) beyond that shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** without a corresponding increase in Net Revenue Interest, in each case, with respect to Hydrocarbon production attributable to the applicable Property from the Target Formation;

(xx) any calls on production;

(xxi) defects solely based upon the failure to record (A) any federal or state Lease issued by a Governmental Authority in any applicable county records, or (B) any federal or state easement, right-of-way, or similar right in any applicable county records;

(xxii) failure to have a title insurance policy;

(xxiii) any and all imbalances; and

(xxiv) any other liens, charges, encumbrances, defects, or irregularities which do not, individually or in the aggregate, materially detract from the value of or materially interfere with the use or ownership of, the Assets subject thereto or affected thereby (as currently used or owned) and which would be accepted or waived by a reasonably prudent purchaser engaged in the business of owning and operating oil and gas properties in the area in which the Assets are located, to the extent that any of the foregoing could not reasonably be expected to reduce Purchaser's Net Revenue Interest in any Well below that shown in the applicable column under the heading "Buyer Interest Only" in **Exhibit A-2** or increase Purchaser's Working Interest above that shown in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** without a corresponding increase in Net Revenue Interest or to the extent that they would not materially impair the use, ownership, or operation of any Property (as currently used, owned or operated).

(r) "**Person**" means any individual, corporation, partnership, limited liability company, trust, estate, Governmental Authority, or any other entity.

(s) "**Property Costs**" means all operating expenses (including costs of insurance, rentals, and shut-in payments) and capital expenditures (including bonuses, broker fees, and other lease acquisition costs, costs of drilling and completing wells, and costs of acquiring equipment) incurred in the ownership and operation of the Assets, overhead costs charged to the Assets under the applicable operating agreement; but excluding Damages attributable to (i) property damage, bodily injury or death, or violation of any Law, (ii) obligations to pay working interests or other interest owners revenues or proceeds attributable to sales of Hydrocarbons relating to the Assets, including those held in suspense, (iii) any Taxes, (iv) obligations to plug wells, dismantle, decommission, or remove facilities, clear sites, and/or restore the surface around such wells or such facilities to the extent not required for the relevant time period, (v) obligations to remediate any contamination of groundwater, surface water, soil, sediment, or equipment to the extent not required for the relevant time period, (vi) title and environmental claims and any costs and expenses to cure or remediate any such claims or potential claims, and (vii) any claims for indemnification, contribution or reimbursement from any Third Person with respect to liabilities, losses, costs, and expenses of the type described in the preceding clauses (i) through (vi), whether such claims are made pursuant to contract or otherwise.

(t) "**Seller Taxes**" means (i) all Texas franchise Taxes imposed on Seller, any of its direct or indirect owners or Affiliates, or any combined, unitary, or consolidated group of which any of the foregoing is or was a member (ii) Asset Taxes allocable to Seller pursuant to Section 10.2(a) (taking into account, and without duplication of, such Asset Taxes effectively borne by Seller as a result of (A) the adjustments to the Unadjusted Purchase Price made pursuant to Section 3.2, and (B) any payments made from one Party to the other in respect of Asset Taxes pursuant to Section 10.2(b)), (iii) Transfer Taxes allocable to Seller pursuant to Section 10.1, (iv) any Taxes imposed on or with respect to the ownership or operation of the Excluded Assets, and (v) any other Taxes (other than Taxes described in (i) – (iv)) relating to the ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom that are attributable to any Tax period, or the portion of any Straddle Period, ending prior to the Effective Date.

(u) "**Straddle Period**" means any Tax period beginning before and ending after the Effective Date.

(v) "**Target Formation**" means, with respect to any Well, the formation in such Well open to production as of the date hereof.

(w) "**Tax**" means (i) federal, state, or local taxes, charges, fees imposts, levies, or other assessments, including all net income, gross receipts, franchise, capital, sales, use, ad valorem, value added, transfer, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, fees, assessments, and charges of any kind whatsoever; (ii) all interest, penalties, fines, additions to tax, or additional amounts imposed by any Governmental Authority in connection with any item described in subsection (i); and (iii) any liability for any item described in subsections (i) and (ii), payable by reason of contract, assumption, transferee or successor liability, operation of Law (including by reason of being a member of a consolidated, combined or unitary group), or otherwise.

(x) "**Tax Return**" means any report, return, form, document, declaration, designation, election or other information or filing that is supplied or required to be supplied to any Governmental Authority with respect to Taxes, including information returns and any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, form, document, declaration, designation, election or other information, including any schedule, attachment or amendment thereof.

(y) "**Third Person**" means any Person other than Seller, Purchaser, or any Affiliate of either.

(z) "**Transaction Documents**" means this Agreement, the Assignment and Bill of Sale, the Operating Agreement, and any instrument or agreement executed pursuant hereto or thereto, or in connection herewith or therewith.

(aa) "**Transfer**" means any indirect or direct sale, assignment, conveyance, transfer or other disposition, voluntary or involuntary, by operation of Law or otherwise (including, in any event, by merger or other business combination transaction); provided that the term "Transfer" shall not include (i) a merger, consolidation, business combination or change in control, in each case, with respect to Seller whether in one or multiple steps, and whether structured as one or more transactions; (ii) the mere granting of a lien or security interest; (iii) an exchange or swap of leases or lands conducted in the ordinary course of business; or (iv) a simultaneous or non-simultaneous like-kind exchange.

1.2 **Interpretation**. In this Agreement, unless the context requires otherwise: (a) references to any gender includes a reference to all other genders; (b) references to the singular includes the plural, and vice versa; (c) reference to any Article or Section means an Article or Section of this Agreement; (d) reference to any Exhibit or Schedule means an Exhibit or Schedule to this Agreement, all of which are incorporated into, and made a part of, this Agreement; (e) unless expressly provided to the contrary, "hereunder", "hereof", "herein", and words of similar import are references to this Agreement as a whole, including the Schedules and Exhibits hereto, and not any particular Section or other provision of this Agreement; (f) references to "$" or "Dollars" means United States Dollars; and (g) "include" and "including" mean include or including without limiting the generality of the description preceding such term. References to any agreement (including this Agreement) shall mean such agreement as it may be amended, supplemented or otherwise modified from time to time. References to any Law shall mean such Law as it may be amended from time to time other than as expressly set forth herein. Time is of the essence in this Agreement and the interpretation hereof. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

ARTICLE 2
PURCHASE AND SALE

2.1 **Purchase and Sale**. On the terms and conditions contained in this Agreement, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase, accept, and pay for, Seller's right, title, and interest in and to the assets and properties described in the following (the "**Assets**"):

(a) such undivided interests in and to the oil and gas leases, oil, gas, and mineral leases, and other Hydrocarbon leases described on **Exhibit A-1** as may be necessary to entitle Purchaser, immediately after Closing, to receive the Net Revenue Interests, and bear the Working Interests, in the Wells, in each case, as expressly described in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** (expressed on an 8/8ths basis, without proportionate reduction), together with all the property and rights incident to such leases or the lands covered thereby, including subleases, royalties, overriding royalties, net profits interest, carried interests or similar rights or interests in such leases, all rights, privileges, benefits and powers conferred upon Seller with respect to the use and occupation of the lands that may be necessary, convenient or incidental to the possession and enjoyment of leases, in each case above, INSOFAR AND ONLY INSOFAR as they cover the wellbores of the Wells or to the extent necessary to entitle Purchaser to the production of Hydrocarbons from the Wells and to participate in operations with respect thereto (collectively, the "**Leases**");

(b) the undivided percentage ownership (expressed on an 8/8ths basis, without proportionate reduction) in and to the wellbores of the Wells, TO THE EXTENT AND ONLY TO THE EXTENT as may be required to entitle Purchaser, immediately after Closing, to receive the Net Revenue Interests, and obligate Purchaser after Closing to bear the Working Interest, in each case as expressly described in the applicable column under the heading "Buyer Interest Only" on **Exhibit A-2** (expressed on an 8/8ths basis, without proportionate reduction) (the "**Wells**"), together with such equipment and facilities (including flowlines) as have been billed to the joint account under applicable operating agreements (or would have been billed in the joint account if such Well is not solely owned by Seller) or are used or held for use solely with respect to the Wells;

(c) all pooled, communitized, or unitized lands covered by all or part of any Lease, and all tenements, hereditaments, and appurtenances belonging thereto, INSOFAR AND ONLY INSOFAR to the extent necessary to entitle Purchaser to the production of Hydrocarbons from the Wells or to participate in operations with respect thereto (the "**Units**," and, together with the Wells and Leases, the "**Properties**");

(d) all Hydrocarbons (i) produced from, or attributable to, the Properties from and after the Effective Date; (ii) from or attributable to the Properties that are in storage as of the Effective Date; and (iii) to the extent related or attributable to the Properties, all production, plant, and transportation imbalances as of the Effective Date;

(e) any joint operating agreement, unit operating agreement, or similar operating agreement by which the Assets are bound ("**Assigned Contracts**");

(f) all (i) trade credits, accounts receivable, notes receivable, take-or-pay amounts receivable, and other receivables and general intangibles, attributable to the Assets with respect to periods of time from and after the Effective Date; (ii) liens and security interests in favor of Seller, whether choate or inchoate, under any Law or contract to the extent arising from, or relating to, the ownership, operation or sale or other disposition on or after the Effective Date of any of the Assets; and (iii) indemnity, contribution, and other such rights in favor of Seller or its Affiliates, to the extent relating to obligations or liabilities assumed by Purchaser pursuant to this Agreement or otherwise borne or paid by Purchaser or with respect to which Purchaser has an obligation to indemnify Seller, but excluding any such amounts or rights that arise out of, or relate to, the Retained Obligations or any other obligation or liability of Seller under any Transaction Document;

(g) all rights of Seller to audit the records of any Person and to receive refunds or payments of any nature, and all amounts of money relating thereto to the extent relating to the obligations assumed by Purchaser pursuant to this Agreement or with respect to which Purchaser has an obligation to indemnify Seller; and

(h) copies of files, records, information and data, whether written or electronically stored, primarily relating to the Assets in Seller's or its Affiliates' possession, including, as applicable: (i) land and title records (including abstracts of title, title opinions and title curative documents); (ii) contract files; (iii) correspondence; (iv) operations, environmental (including environmental assessments and studies) and production records; and (v) facility and well records (collectively, "**Records**").

2.2 **Excluded Assets**. Notwithstanding anything to the contrary in Section 2.1 or elsewhere in this Agreement, the Assets shall not include any rights with respect to the Excluded Assets. As used in this Agreement, "**Excluded Assets**" means the following:

(a) any right, title, or interest in and to any oil and gas leases, oil, gas, and minerals leases, subleases, carried interest, mineral fee interests, royalty interests, and other similar interests that are not described in Section 2.1(a);

(b) Seller's or its Affiliates' undivided interests in the Assets other than the specific percentage of interest described in Section 2.1;

(c) any easement, permit, license, servitude, right-of-way, surface lease or other surface right that relates to or is otherwise applicable to any of the Assets;

(d) other than the Leases, the Units, and the agreements described in Section 2.1(e), contracts, agreements, permits, licenses, and other instruments, including any contracts for the gathering, treatment, processing, storage, or transportation of Hydrocarbons with minimum volume or throughput commitments or that contain acreage dedications;

(e) all (i) contracts and policies of insurance, (ii) claims against Third Persons pending on or prior to the Effective Date, and (iii) claims against insurers under contracts or policies held by Seller or any of its Affiliates, whether or not pending on or prior to the Effective Date;

(f) all trademarks, trade names, and other intellectual property;

(g) all geological, geophysical, or seismic data;

(h) except for the Hedges entered into pursuant to Section 7.7, all futures, options, swaps, and other derivatives;

(i) claims of Seller for any refund or credit (whether by payment, credit, offset, abatement, or otherwise, and together with any interest thereon) in respect of Seller Taxes;

(j) to the extent not relating to Assumed Obligations, costs and revenues associated with all joint interest audits and other audits of Property Costs covering periods for which Seller is in whole or in part responsible for the Assets;

(k) all office equipment, computers, cell phones, pagers and other hardware, personal property, and equipment that relate primarily to Seller's and its Affiliates' business generally, whether or not relating to the Assets;

(l) all (i) corporate, Tax, financial, and legal data and records of Seller that relate to Seller's business generally (whether or not relating to the Assets) or to Seller's business, operations, assets, and properties not expressly included in this Agreement; (ii) data (including seismic data), software, and records to the extent disclosure or transfer is prohibited or subjected to payment of a fee or other consideration by any license agreement or other agreement, or by applicable Law, and for which no consent to transfer has been received or for which Purchaser has not agreed in writing to pay the fee or other consideration, as applicable; (iii) legal records and legal files of Seller, including all work product of, and attorney-client communications with, Seller's legal counsel (other than title opinions); (iv) data and records relating to the sale of the Assets, including communications with the advisors or representatives of Seller or its Affiliates; and (v) data and records relating to the Excluded Assets or assets and properties not expressly included in this Agreement; and

(m) all production, pipeline, storage, processing, or other imbalances, under-lifts, or over-deliveries owed to Seller as of the Effective Date.

ARTICLE 3
PURCHASE PRICE

3.1 **Purchase Price**. The purchase price for the Assets (the "**Purchase Price**") shall be Four Hundred Five Million Dollars ($405,000,000) (the "**Unadjusted Purchase Price**"), adjusted as provided in Section 3.2.

3.2 **Adjustments to Purchase Price**. The Unadjusted Purchase Price shall be adjusted as follows (without duplication):

(a) increased by the aggregate value of Hydrocarbon from the Properties in storage in tanks, or above the load level connection or within processing plants (but excluding linefill, linepack, and tank bottoms) on the Effective Date and produced for the account of Seller with respect to the Properties prior to the Effective Date, multiplied by the contract price therefor, or, if there is no applicable contract, (i) in the case of gaseous Hydrocarbons, on the basis of Zero Dollars ($0) per MMBtu or (ii) in the case of liquid Hydrocarbons, on the basis of Sixty Six Dollars and Four Cents ($66.04) per barrel, in each case, net of any (A) royalties, overriding royalties, and other burdens payable out of production of Hydrocarbons or the proceeds thereof that are not included in Property Costs; (B) gathering, processing, and transportation costs paid in connection with sales of Hydrocarbons that are not otherwise adjusted in this Agreement as Property Costs; and (C) Asset Taxes and other Property Costs that are deducted by the purchaser of production);

(b) increased by the net amount of all prepaid expenses (including prepaid insurance costs, bonuses, rentals, and cash calls) paid by Seller and to the extent relating to the Assets and with respect to periods after the Effective Date;

(c) decreased by amounts actually received by Seller and earned from the sale, during the period from and including the Effective Date up to but excluding the Closing Date of Hydrocarbons (A) produced from, or attributable to, the Properties or (B) contained in storage or existing in stock tanks, pipelines and/or plans (including inventory and linefill) as of the Effective Date for which an upward Purchase Price adjustment was made pursuant to Section 3.2(b) above (in each case, net of any (i) royalties, overriding royalties, and other burdens payable out of production of Hydrocarbons or the proceeds thereof that are not included in Property Costs; (ii) gathering, processing and transportation costs paid in connection with sales of Hydrocarbons that are not otherwise adjusted in this Agreement as Property Costs; and (iii) Asset Taxes and Property Costs, that are deducted by the purchaser of production and excluding the effects of any futures, options, swaps, or other derivatives);

(d) increased by amount of all Asset Taxes and Property Costs and other amounts which are incurred in the ownership and operation of the Assets on or after the Effective Date but paid by Seller or its Affiliates (excluding any amounts paid by Purchaser after Closing pursuant to the Operating Agreement);

(e) increased or decreased, as applicable, for realized net gains actually received by Seller or its Affiliates or realized losses actually paid by Seller or its Affiliates from any Hedges on or after the Effective Date excluding any Hedge Termination Payments;

(f) increased or decreased, as applicable, pursuant to Section 7.10; and

(g) increased or decreased, as applicable, pursuant to Section 4.3.

3.3 **Costs and Revenues**.

(a) Except as expressly provided otherwise in this Agreement (including Section 3.2), Seller shall remain entitled to all of the rights of ownership (including the right to all production, proceeds of production, and other proceeds) and shall remain responsible (by payment, through the adjustments to the Purchase Price under this Agreement or otherwise) for all Property Costs, in each case attributable to the Assets for the period of time prior to the Effective Date. Except as expressly provided otherwise in this Agreement (including Section 3.2), and subject to the occurrence of Closing, Purchaser shall be entitled to all of the rights of ownership (including the right to all production, proceeds of production, and other proceeds) attributable to the Assets for the period of time commencing at the Effective Date, and shall be responsible for (by payment, through the adjustments to the Purchase Price under this Agreement or otherwise) all Property Costs attributable to the Assets for the period of time commencing at the Effective Date. Such amounts which are received or paid prior to Closing shall be accounted for in the Preliminary Settlement Statement or final settlement statement, as applicable; provided, however, that the Preliminary Settlement Statement may contain estimated amounts. Such amounts which are received or paid after Closing but prior to the date of the final settlement statement shall be accounted for in the final settlement statement.

(b) After the Parties' agreement upon the final settlement statement, except to the extent constituting part of the Assumed Obligations, (i) if either Party receives monies belonging to the other Party, including proceeds of production, then such amount shall, within thirty (30) days after the end of the calendar month in which such amounts were received, be paid over to the proper Party, (ii) if either Party pays monies for Property Costs which are the obligation of the other Party, then such other Party shall, within thirty (30) days after the end of the calendar month in which the applicable invoice and proof of payment of such invoice were received, reimburse the Party which paid such Property Costs, (iii) if a Party receives an invoice of an expense or obligation (other than an invoice of an expense or obligation with respect to Asset Taxes, or Transfer Taxes, which shall be governed by Article 10) which is owed by the other Party, such Party receiving the invoice shall promptly forward such invoice to the Party obligated to pay the same, and (iv) if an invoice or other evidence of an obligation (other than an obligation with respect to Asset Taxes or Transfer Taxes, which shall be governed by Article 10) is received by a Party, which is partially an obligation of both Seller and Purchaser, then the Parties shall consult with each other, and each shall promptly pay its portion of such obligation to the obligee thereof.

(c) All adjustments and payments made pursuant to this Article 3 shall be without duplication of any other amounts paid, received, or otherwise taken into account under any Transaction Documents, joint operating agreement, or unit operating agreement.

3.4 **Procedures**.

(a) For purposes of allocating production under Section 3.2 and Section 3.3, (i) liquid Hydrocarbons shall be deemed to be "from or attributable to" the Properties when they are produced into the tank batteries related to each Well, and (ii) gaseous Hydrocarbons shall be deemed to be "from or attributable to" the Properties when they pass through the delivery point sales meters or similar meters at the point of entry into the pipelines through which they are transported. Seller shall use reasonable interpolative procedures to arrive at an allocation of production when exact meter readings or gauging or strapping data are not available.

(b) Surface use or damage fees, insurance premiums, and other Property Costs that are paid periodically shall be prorated based on the number of days in the applicable period falling on or before, or after, the Effective Date. Asset Taxes measured by units of production, and severance Taxes, shall be prorated based on the amount of Hydrocarbons actually produced, purchased, or sold, as applicable, prior to, and on and after, the Effective Date in accordance with Section 10.2(a).

(c) "Earned" and "incurred," as used in this Section 3.3 and Section 3.2(e) shall be interpreted in accordance with accounting recognition guidance under United States generally accepted accounting principles.

3.5 **Allocation of the Purchase Price for Tax Purposes**.

(a) **Schedule 3.5** sets forth an agreed allocation (the "**Tax Allocation**") of the Unadjusted Purchase Price and any other items (including liabilities) properly treated as consideration for U.S. federal income Tax purposes, including for purposes of Section 1060 of the Code and the Treasury Regulations thereunder, among the Assets as of the Closing Date.

(b) The Parties each agree to report, and to cause their respective Affiliates to report, the federal, state, and local income and other Tax consequences of the transactions contemplated herein, and in particular to report the information required by Section 1060(b) of the Code, and to jointly prepare Form 8594 (Asset Acquisition Statement under Section 1060 of the Code) as promptly as possible following the Closing Date and in a manner consistent with the Tax Allocation as revised to take into account subsequent adjustments to the Unadjusted Purchase Price, including (i) any adjustments pursuant to this Agreement to determine the Purchase Price as finally determined pursuant to Section 9.4 and (ii) any applicable Earnout Payment Amount payments made which shall be properly treated as adjustments to the Purchase Price, and shall not take any position inconsistent therewith upon examination of any Tax Return, in any refund claim, in any litigation, investigation or otherwise, unless required to do so by a final determination as defined in Section 1313 of the Code or any other applicable Law, or with such other Party's prior written consent.

ARTICLE 4
PREFERENTIAL PURCHASE RIGHTS AND CONSENTS

4.1 **Notice to Holders of Consent and Preferential Purchase Rights**. Promptly after the date hereof (but not later than seven (7) Business Days after the date hereof), Seller shall prepare and send (a) notices to the holders of any consents to assignment that are set forth on **Schedule 5.8** (and, with respect to each consent that is not set forth on **Schedule 5.8** but is discovered by either Party after the date hereof and before the Closing Date, not later than seven (7) Business Days after the discovery thereof) requesting consents to the transactions contemplated by this Agreement and (b) notices to the holders of any applicable preferential rights to purchase or similar rights that are set forth on **Schedule 5.8** (and, with respect to each preferential right to purchase or similar right that is not set forth on **Schedule 5.8** but is discovered by either Party after the date hereof and before the Closing Date, not later than seven (7) Business Days after the discovery thereof) in compliance with the terms of such rights and requesting waivers of such rights. Seller shall not be required to make any payments or undertake any obligations for the benefit of the holders of such rights in order to obtain the consents and waivers. Purchaser shall use commercially reasonable efforts to assist Seller in seeking to obtain such consents, approvals, permissions, and waivers, including the disclosure of reasonable financial information.

4.2 **Consent Requirements**.

(a) Seller shall deliver a written notice to Purchaser on or before five (5) Business Days prior to Closing setting forth each Required Consent that, as of such date, has not been satisfied or waived. As used herein, "**Required Consent**" means a consent requirement (excluding the consent of a Governmental Authority customarily obtained after Closing) that, if not obtained, will by its express terms result in (i) the assignment of the Assets affected thereby to Purchaser being void or voidable, (ii) a Lease or contract affected, in each case, under the express terms thereof, being terminated or becoming terminable, or (iii) result in the payment of a fee or other liquidated damages in excess of Fifty Thousand Dollars ($50,000). The Parties shall use commercially reasonable efforts to obtain each Required Consent prior to the Closing so that such Asset may be transferred to Purchaser at Closing.

(b) Subject to Section 8.2(f), in cases of an Asset subject to an unobtained Required Consent as of Closing (each, an "**Excluded Consent Asset**"), (i) there shall be no adjustment to the Purchase Price, (ii) each Excluded Consent Asset shall thereafter be deemed an Excluded Asset, and **Exhibit A-2** shall automatically be deemed to have been updated to delete all such Excluded Consent Assets; (iii) the undivided percentage ownership in each Asset with an Allocated Value greater than zero, other than the Excluded Consent Assets (but including Leases included in, or that comprise Seller's interest in, the same Well as an Excluded Consent Asset), to be conveyed to Purchaser hereunder (each, a "**Non-Excluded Asset**"), shall be deemed to have increased in the proportion that the Allocated Value of such Non-Excluded Asset bears to the aggregate Allocated Values of all Non-Excluded Assets TO THE EXTENT AND ONLY TO THE EXTENT necessary to result in a proportionate increase in the Allocated Values of all such remaining Non-Excluded Assets equal to the Allocated Value of such Excluded Consent Assets. For the avoidance of doubt, to the extent a Well is covered by both Leases that constitute Excluded Consent Asset(s) and Leases that constitute Non-Excluded Asset(s), only the Leases constituting Excluded Consent Asset(s), and the proportionate interest in and to, and the Allocated Value relating to, the Well as to such Excluded Consent Asset(s) (and not the entirety of such Well), shall be subject to the exclusion, adjustment and cure provisions set forth in the preceding sentence. If the interest in the interest conveyed in any Non-Excluded Asset resulting from the application of this Section 4.2 exceeds the interest owned by Seller in such Non-Excluded Asset, or if the result of the application of this Section 4.2 would be the resignation of Seller as operator of any Well, the interest in the interest conveyed in any Non-Excluded Asset resulting from the application of this Section 4.2 shall be deemed to be the maximum amount that may be conveyed to Purchaser without the conveyance of a greater interest owned by Seller in such Non-Excluded Asset or the resignation or deemed resignation of Seller as operator of any Well, and the interest to be conveyed to Purchaser in all remaining Non-Excluded Assets shall be increased, subject to this sentence, as though such Non-Excluded Asset in which the interest to be conveyed to Purchaser is so reduced, was an Excluded Consent Asset (but only to the extent of such overage). The Parties shall consult with each other in good faith with respect to the implementation of this Section 4.2(b) and **Exhibit A-2** shall be updated as mutually agreed by the Parties in accordance with this Section 4.2(b). Any dispute regarding the Allocated Value attributable to an Excluded Consent Asset shall be determined as set forth in Section 6 of **Schedule 7.10**, *mutatis mutandis*; provided, however, that, in order to dispute Seller's assertion of the Allocated Value of an Excluded Consent Asset, Purchaser must submit its dispute to a Title Arbitrator that is mutually acceptable to the Parties (or, the Parties cannot agree on a Person to serve as Title Arbitrator, the Houston, Texas office of the American Arbitration Association) on or before five (5) Business Days after receipt of the notice required by Section 4.2(a), the Title Arbitrator's determination shall be made on or before five (5) Business Days thereafter (but not prior to the date on which Seller has an opportunity to respond in writing to any filing or assertion made by Purchaser with respect to the matters in dispute), and the Commercial Arbitration Rules of the American Arbitration Association shall not apply, it being the desire of the Parties that any such dispute be resolved as expeditiously as possible.

4.3 **Preferential Purchase Rights**.

(a) Any preferential purchase right must be exercised subject to all terms and conditions set forth in this Agreement, including the successful Closing of this Agreement pursuant to Article 9 on the dates set forth herein. The consideration payable under this Agreement for any particular Asset for purposes of preferential purchase right notices shall be the Allocated Value for such Asset, adjusted as set forth herein.

(b) If (i) any preferential right to purchase any Asset is exercised or (ii) a Third Person fails to exercise or waive its preferential right to purchase as to any portion of the Assets, and the time for exercise or waiver has not yet expired, in each case, prior to Closing, the Unadjusted Purchase Price shall be decreased at Closing pursuant to Section 3.2(g) by an amount equal to the Allocated Value attributable to the affected Assets, the affected Assets shall not be transferred at Closing, and the affected Assets shall be deemed to be deleted from **Exhibits A-1** and **A-2**, as applicable, and deemed Excluded Assets for all purposes hereunder.

(c) If after Closing but prior to the delivery of the final settlement statement by Seller: (A) such holder of a preferential right to purchase fails to consummate the purchase of such Asset (or portion thereof) covered by such preferential purchase as described in Section 4.3(b)(i), (B) the time for exercise of such preferential right to purchase expires without such holder validly exercising such preferential right to purchase, or (C) such preferential right to purchase is validly waived by the applicable holder, then (x) Seller shall so notify Purchaser, (y) Purchaser shall purchase, on or before five (5) Business Days following receipt of such notice, such Asset (or portion thereof) that was so excluded from the Assets to be assigned to Purchaser at Closing, under the terms of this Agreement for a price equal to the amount by which the Purchase Price was reduced at Closing with respect to such excluded Asset (or portion thereof) (as such amount is appropriately adjusted in accordance with the other terms of this Agreement) and (z) Seller shall assign to Purchaser the Asset (or portion thereof) so excluded at Closing pursuant to an instrument in substantially the same form as the Assignment and such Asset shall thenceforth be deemed an Asset (and no longer an Excluded Asset) for all purposes hereunder.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to the provisions of this Article 5, and the other terms and conditions of this Agreement, Seller represents and warrants to Purchaser, as of the date hereof and as of the Closing Date (other than representations and warranties that refer to a specified date, which shall be made only as of such date), the matters set out in Sections 5.1 through 5.19.

5.1 **Seller**.

(a) Seller is a corporation duly organized, validly existing, and in good standing under the laws of the state of Delaware. Seller has all requisite power and authority to own and operate its property (including the Assets) and to carry on its business as now conducted. Seller is duly licensed or qualified to do business as a foreign corporation in all jurisdictions in which it carries on business or owns assets (including the Assets) and such licensure and/or qualification is required by Law.

(b) Seller has the power and authority to enter into and perform its obligations under this Agreement (and all documents required to be executed and delivered by Seller at Closing) and to consummate the transactions contemplated by this Agreement (and such documents).

(c) The execution, delivery, and performance of this Agreement (and all documents required to be executed and delivered by Seller at Closing), and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of Seller. This Agreement has been duly executed and delivered by Seller (and all documents required to be executed and delivered by Seller at Closing shall be duly executed and delivered by Seller), and this Agreement constitutes, and at the Closing such documents shall constitute, the valid and binding obligations of Seller, enforceable in accordance with their terms except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) The execution, delivery and performance of this Agreement by Seller, and the consummation of the transactions contemplated by this Agreement shall not (i) violate any provision of the certificate of incorporation or bylaws of Seller, (ii) result in a default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation, or acceleration under any material note, bond, mortgage, indenture, or other financing instrument to which Seller is a party or by which it or the Assets are bound, (iii) violate, in any material respect, any judgment, order, ruling, or decree applicable to Seller as a party in interest or to which the Assets are subject, or (iv) violate, in any material respect, any Law applicable to Seller.

5.2 **Litigation**. Except as set forth on **Schedule 5.2**, there are no actions, suits, or proceedings pending, or, to Seller's knowledge, threatened in writing, before any Governmental Authority or arbitrator (a) with respect to the business conducted by Seller with the Assets or with respect to the Assets; or (b) which are reasonably likely to materially impair or delay Seller's ability to perform its obligations under this Agreement.

5.3 **Taxes and Assessments**.

(a) All Tax Returns required to be filed by Seller with respect to Asset Taxes or as a result of the ownership and operation of the Assets or the production of Hydrocarbons from or attributable to the Assets have been duly and timely filed, and such Tax Returns are true, correct, and complete in all respects.

(b) All Asset Taxes owed by Seller as a result of the ownership and operation of the Assets or the production of Hydrocarbons from or attributable to the Assets that have become due and payable have been timely paid in full in accordance with applicable Law.

(c) All withholding Tax requirements imposed on or with respect to Seller as a result of the ownership and operation of the Assets or the production of Hydrocarbons from or attributable to the Assets have been satisfied in full in all respects.

(d) There are not currently in effect any extensions or waivers of any statute of limitations of any jurisdiction regarding the assessment or collection of any Asset Taxes and no request for such waiver or extension is pending.

(e) There are no claims, assessments, demands, actions, suits, proceedings, or audits asserted or now in progress, or to Seller's knowledge, threatened, against Seller with respect to any Asset Taxes.

(f) There are no currently existing, pending or, to the knowledge of Seller, threatened liens for Asset Taxes (other than Permitted Encumbrances) with respect to the Assets relating to unpaid Taxes.

(g) None of the Assets is subject to any Tax partnership agreement or is otherwise treated, or required to be treated, as held in an arrangement requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code.

5.4 **Compliance with Laws; Permits**. Except with respect to Environmental Laws, to Seller's knowledge, as of the date hereof, Seller's ownership and the operation of the Assets is in material compliance with all applicable Laws. Seller possesses and has maintained in full force and effect (and has not violated or breached in any material respect) all material licenses, surface interests, approvals, authorizations, certifications, clearances, consents, franchises, permits, registrations, waivers, variances or other authorization issued, granted, or given by or under the authority of any Governmental Authority required under applicable Law to be obtained by Seller in connection with the operations on the Properties as currently conducted.

5.5 **Contracts**.

(a) **Schedule 5.5** lists all currently existing contracts applicable to, and by which, after Closing, the Assets will be bound, other than the Leases and instruments constituting Seller's chain of title to the Assets, and that are one or more of the following types (each, a "**Material Contract**"):

(i) contracts between Seller and any Affiliate of Seller;

(ii) contracts for the sale, purchase, exchange, or other disposition of Hydrocarbons which are not cancelable without penalty on ninety (90) days' or less prior written notice that could reasonably be expected to generate revenues, net to Purchaser's interest in the Assets after Closing, of more than One Hundred Thousand Dollars ($100,000) during the current, or any subsequent calendar year;

(iii) contracts to sell, lease, farmout, exchange, or otherwise dispose of all or any material part of the Assets that contain executory obligations by Seller as of the date hereof, but excluding (A) conventional rights of reassignment upon intent to abandon or release a Property, (B) non-consent provisions under joint operating agreements, and (C) production, pipeline, plant, and similar balancing agreements and procedures;

(iv) contracts for the gathering, treatment, processing, storage, or transportation of Hydrocarbons with minimum volume or throughput commitments or that contain acreage dedications that, in each case, cannot be terminated or cancelled without penalty on ninety (90) days' or less prior written notice and that could reasonably be expected to require expenditures, net to Purchaser's interest in the Assets after Closing, of more than One Hundred Thousand Dollars ($100,000) during the current, or any subsequent calendar year;

(v) contracts not described in Sections 5.5(a)(i) through (iv) that could reasonably be expected to result in (A) aggregate expenditures net to Purchaser's interest in the Assets after Closing of more than One Hundred Thousand Dollars ($100,000) or (B) revenues net to Purchaser's interest in the Assets after Closing of more than One Hundred Thousand Dollars ($100,000) during the current or any subsequent calendar year;

(vi) any Assigned Contracts; and

(vii) any amendment to any of the foregoing.

(b) Except as noted on **Schedule 5.5**, (i) neither Seller, nor, to Seller's knowledge, any other Person, is in material default under any Material Contract; and (ii) to Seller's knowledge, all Material Contracts are in full force and effect in all material respects and are legal, binding obligations of Seller and each party thereto, in each case, enforceable in accordance with their terms and except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). No written notice of default or breach has been received or delivered by Seller under any Material Contract the resolution of which is currently outstanding and no currently effective written notices have been received by Seller of the exercise of any premature termination, price redetermination, or curtailment of or under any Material Contract. Except to the extent such Material Contract cannot be disclosed due to confidentiality or non-disclosure requirements, Seller has delivered to Purchaser a true and complete copy of each Material Contract (including all amendments, supplements, or addendums thereto) on or before the date hereof. To the extent such Material Contract cannot be disclosed due to confidentiality or non-disclosure requirements, Seller has delivered to Purchaser a true and accurate summary of the terms of such Material Contract that are material to the Properties.

5.6 **Payments for Production** (i). Except for any Material Contracts, (a) Seller is not obligated by virtue of a take-or-pay payment, advance payment, or other similar payment (other than royalties, overriding royalties, similar arrangements established in the Leases or reflected in this Agreement, imbalances covered by Section 5.7, and gas balancing agreements or other agreements relating to any of the foregoing), to deliver Hydrocarbons, or proceeds from the sale thereof, attributable to Seller's interest in the Properties at some future time without receiving payment therefor at or after the time of delivery and (b) there is not any contract that contains any calls on, or options to purchase, material quantities of Hydrocarbon production, other than pursuant to currently effective Hydrocarbon purchase and sale contracts, to which the Assets will be subject after the Closing.

5.7 **Imbalances**. Except as set forth on **Schedule 5.7**, as of the Effective Date, there were no production, transportation, plant, or other imbalances with respect to production from the Properties.

5.8 **Consents and Preferential Purchase Rights**. Except as set forth on **Schedule 5.8**, there are no preferential rights to purchase or required Third Person Required Consents which may be applicable to or necessary to the sale, assignment or transfer of any of the Assets by Seller to Purchaser as contemplated by this Agreement, other than consents and approvals of Governmental Authorities that are customarily obtained after Closing.

5.9 **Liability for Brokers' Fees**. Purchaser shall not, and does not, directly or indirectly, have any responsibility, liability, or obligation for any expense as a result of undertakings or agreements of Seller in respect of brokerage fees, finder's fees, agent's commissions, or other similar forms of compensation to an intermediary in connection with the negotiation, execution, or delivery of this Agreement or any agreement or transaction contemplated hereby.

5.10 **Default; Solvency; Bankruptcy**.

(a) Both before and after giving effect to the transactions contemplated hereby, no lender, bondholder, trustee or administrative, collateral or similar agent of Seller or any of its Affiliates has given Seller or any of its Affiliates a declaration or notice of the existence of a default or a future default arising from the transactions contemplated hereby which has not been cured or waived, and which, to the extent not cured or waived, could reasonably be expected to result in an event of default under the relevant credit agreement, deeds of trust, indenture, or other documents governing the indebtedness for borrowed money of seller relevant to such default.

(b) Seller is now solvent and will not be rendered insolvent by any of the transactions contemplated by this Agreement. As used in this Section 5.10, "solvent" means that (i) the fair market value of Seller's assets (both at fair market valuation and at present fair saleable value) is greater than the total liabilities, including contingent liabilities, (ii) the fair saleable value of its assets will not be less than the amount that Seller will be required to pay in respect of the probable liability on its debts as they become absolute and matured, (iii) Seller does not intend to and does not believe that it will, incur debts or liabilities beyond its ability to pay such debts or liabilities as such debts and liabilities mature in the ordinary course of business, and (iv) Seller is not engaged in a business or a transaction, and is not about to engage in a business or transaction, for which Seller's assets would constitute unreasonably small capital after giving reasonable consideration to current and anticipated future capital requirements and current and anticipated future business conduct and the prevailing practice in the industry in which Seller is engaged.

(c) There are no bankruptcy, insolvency, reorganization or receivership proceedings pending against, being contemplated by, or, to Seller's knowledge, threatened against Seller (whether by Seller or a Third Person).

5.11 **Outstanding Capital Commitments**. Except as set forth on **Schedule 5.11**, as of the date hereof, there are no outstanding authorities for expenditure which are binding on the Properties and which Seller reasonably anticipates will individually require expenditures by the owner of the Properties after the Closing Date, or to cause such owner of the Properties to be liable for such expenditures, in excess of One Hundred Thousand Dollars ($100,000).

5.12 **Hedges**. Subject to Section 7.7, there are no futures, options, swaps, or other derivatives with respect to the sale of Hydrocarbons from the Assets that are currently binding on the Assets or will be binding on the Assets after Closing.

5.13 **Environmental Matters**. Except as set forth on **Schedule 5.13**, (a) there is no condition, matter, obligation, and/or circumstance with respect to the Assets that constitutes, arises from, or relates to, a material violation of Environmental Law; (b) Seller has not entered into, nor is subject to, any agreements, consents, orders, decrees, judgments, permit conditions, or other directives of any Governmental Authority under or pursuant to Environmental Laws that require any material change in the present condition of any of the Assets as currently operated; (c) Seller has obtained and has been and is in compliance in all material respects with all permits required under applicable Environmental Laws with respect to the Assets, and to Seller's knowledge, no Governmental Authority has begun, or threatened in writing to begin, any action to terminate, cancel, or materially reform any permits required under applicable Environmental Laws with respect to the Assets; (d) there are no claims pending or, to the knowledge of Seller, threatened, with respect to the Assets alleging any violation of Environmental Laws; and (e) there are no outstanding obligations to remediate any release or threatened release of hazardous materials, other than Hydrocarbons, under Environmental Laws in connection with the Assets. Notwithstanding the foregoing, the following shall not constitute a breach of this Section 5.13: (i) the failure to meet good or desirable operating practices or standards that may be employed or adopted by other oil and gas operators that are not required under Environmental Law; (ii) any matter caused by, or relating to, the presence of NORM where not in violation of Environmental Law; (iii) any Damages, losses, liabilities, or other obligations arising out of, or relating to, the matters disclosed in this Agreement or any Schedule or Exhibit hereto; (iv) any condition, matter, obligation, and/or circumstance arising in the ordinary course of business, consistent with past practice, including injury or death of livestock or wildlife in the course of operations, surface damages alleged by a lessor, or noise or light pollution (or any requirement for the abatement thereof); (v) the existence of any private right of action under any Lease, easement, or contract, or under any Environmental Law; (vi) restrictions in any surface use agreement, Lease, or easement; (vii) the presence of any endangered or threatened species on the lands covered by the Leases; (viii) claims that Seller or any Affiliate thereof, or any of its or their assets, including the Assets, caused or contributed to climate change; (ix) any alleged violation of arising out of a change in Environmental Law or the interpretation thereof after the date hereof; (x) any requirement arising out of a change in Law after the date hereof that requires the owner or operator of the Assets to conduct any environmental assessment, environmental impact statement, or other study; (xi) the absence of data in Seller's, or any other Person's files (other than permits required by Environmental Laws which Purchaser can demonstrate have not been obtained); (xii) the existence or occurrence of flaring in accordance with permits; (xiii) violations of Laws of municipalities and other subdivisions of a Governmental Authority, if such Laws are preempted by the Laws of another Governmental Authority; and (xiv) any other condition, matter, obligation, and/or circumstance which do not, individually or in the aggregate, materially detract from the value of or materially interfere with the use or ownership of, the Assets subject thereto or affected thereby (as currently used or owned), which could not be reasonably expected to result in material liabilities to the owner of the Assets, as currently used or owned, and which would be accepted or waived by a reasonably prudent purchaser engaged in the business of owning and operating oil and gas properties in the area in which the Assets are located.

5.14 **Operatorship**. Seller is the operator of all of the Wells as of the date hereof.

5.15 **Payouts**. To Seller's knowledge, **Schedule 5.15** contains a complete and accurate list of the status of any "payout" balance, as of the date set forth on **Schedule 5.15**, for the Wells comprising the Assets that are subject to a reversion or other adjustment at some level of cost recovery or payout (or passage of time or other event other than termination of a Lease by its terms).

5.16 **Wells**. Except as set forth on **Schedule 5.16**, (a) no party to any Lease or any successor to the interest of such party has filed, or to Seller's knowledge, threatened in writing to file, any action to terminate, cancel, rescind, or procure reformation of any such Lease due to an event or circumstance that, if true, could reasonably be expected to result in the termination, cancellation, rescission or procurement of reformation of any such Lease; (b) all of the Wells have been drilled and completed within the boundaries of the applicable Leases or within the limits otherwise permitted by applicable Law, (c) no Well is subject to material penalties on allowable production after the Effective Date because of any overproduction, and (d) there are no inactive Wells that Seller is currently obligated by applicable Law or contract to plug or abandon or that are currently subject to exceptions to a requirement to plug or abandon issued by a Governmental Authority. None of the Wells are shut-in (and have been shut-in for a period of thirty (30) continuous days).

5.17 **Improper Payments**. Neither Seller nor any of its respective Affiliates or representatives, to Seller's Knowledge, has taken any action which would cause Seller or any of its Affiliates or representatives to be in violation of the Anti-Corruption Laws. Neither Seller, nor any of its Affiliates or representatives has taken any action related to engaging in any transactions or making or receiving payments that were not properly recorded on the accounting books and records or disclosed on the financial statements of Seller.

5.18 **Sanctions**. Neither Seller nor any of its Affiliates appears on any sanctions-related list maintained by the U.S. government, including the list of Specially Designated Nationals and Blocked Persons on the website of U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") at https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx. Neither Seller nor any of its Affiliates has business in a country or territory (i) that is the target of comprehensive economic sanctions by the U.S. government (currently Iran, Cuba, Syria, Crimea, and North Korea), (ii) that is designated as a High-Risk Jurisdiction subject to a Call for Action by the Financial Action Task Force on Money Laundering (at https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/) or (iii) designated by the Secretary of the Treasury under Section 311 or 312 of the USA Patriot Act as warranting special measures due to money laundering concerns. No use of proceeds or other transaction contemplated by this Agreement will violate any applicable economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by OFAC or the U.S. Department of State. Neither Seller nor any of its Affiliates is a "foreign shell bank" within the meaning of the USA Patriot Act.

5.19 **Limitations**.

(a) Except as and to the extent expressly set forth in this Article 5, the Assignment and Bill of Sale, or in the certificate of Seller to be delivered pursuant to Section 9.2(d) or in any other Transaction Documents, (i) Seller makes no representations or warranties, express or implied, and (ii) Seller expressly disclaims all liability and responsibility for any representation, warranty, statement, or information made or communicated (orally or in writing) to Purchaser or any of its Affiliates, employees, agents, consultants, or representatives (including any opinion, information, projection, or advice that may have been provided to Purchaser by any officer, director, employee, agent, consultant, representative, or advisor of Seller or any of its Affiliates).

(b) **EXCEPT AS EXPRESSLY REPRESENTED OTHERWISE IN THIS ARTICLE 5, IN SECTION 7.10, IN THE ASSIGNMENT AND BILL OF SALE, IN THE CERTIFICATE OF SELLER TO BE DELIVERED AT CLOSING PURSUANT TO SECTION 9.2(d) OR IN ANY OTHER TRANSACTION DOCUMENTS, SELLER MAKES NO, AND HEREBY EXPRESSLY DISCLAIMS ANY, REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, OR STATUTORY AS TO (I) TITLE TO ANY OF THE ASSETS, (II) THE CONTENTS, CHARACTER, OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, OR ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT OF SELLER, OR ANY GEOLOGICAL OR SEISMIC DATA OR INTERPRETATION, RELATING TO THE ASSETS, (III) THE QUANTITY, QUALITY, OR RECOVERABILITY OF PETROLEUM SUBSTANCES IN OR FROM THE ASSETS, (IV) THE EXISTENCE OF ANY PROSPECT, RECOMPLETION, INFILL, OR STEP-OUT DRILLING OPPORTUNITIES, (V) ANY ESTIMATES OF THE VALUE OF THE ASSETS OR FUTURE REVENUES GENERATED BY THE ASSETS, (VI) THE PRODUCTION OF PETROLEUM SUBSTANCES FROM THE ASSETS, OR WHETHER PRODUCTION HAS BEEN CONTINUOUS, OR IN PAYING QUANTITIES, OR ANY PRODUCTION OR DECLINE RATES, (VII) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS, (VIII) INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT, (IX) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO PURCHASER OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES, OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO AND (X) COMPLIANCE WITH ANY ENVIRONMENTAL LAW, AND FURTHER DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, OR STATUTORY, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OF ANY EQUIPMENT, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES THAT THE ASSETS ARE BEING TRANSFERRED "AS IS, WHERE IS," WITH ALL FAULTS AND DEFECTS, AND THAT PURCHASER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS PURCHASER DEEMS APPROPRIATE TO ENTER INTO THIS AGREEMENT.**

(c) Any representation "to the knowledge of Seller" or "to Seller's knowledge" is limited to matters within the actual, personal knowledge of the individuals identified on **Schedule 5.19** without any duty of inquiry.

(d) Inclusion of a matter on a schedule attached hereto with respect to a representation or warranty that addresses matters have a Material Adverse Effect shall not be deemed an indication that such matter does, or may, have a Material Adverse Effect. Schedules may include matters not required by the terms of this Agreement to be listed on the Schedule, which additional matters are disclosed for purposes of information only, and inclusion of any such matter does not mean that all such matters are included. A matter scheduled as an exception for any representation or warranty shall be deemed to be an exception to all representations and warranties for which such matter's applicability is reasonably apparent.

(e) Seller shall have the continuing right until five (5) days prior to the Closing to add, supplement, or amend the Schedules hereto with respect to any matter hereafter arising. For purposes of determining whether the conditions set forth in Section 8.2 have been fulfilled, the Schedules to Seller's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the date hereof and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; provided, however, that if the Closing occurs, all matters disclosed pursuant to any such addition, supplement, or amendment at or prior to the Closing shall be waived and Purchaser shall not be entitled to make a claim with respect thereto.

(f) Purchaser acknowledges that the Assets have been used for the exploration, development, and production of Hydrocarbons and that there may be petroleum, produced water, wastes, or other substances or materials located in, on, or under the Properties or associated with the Assets. Equipment and sites included in the Assets may contain hazardous materials, including naturally occurring radioactive material ("**NORM**"). NORM may affix or attach itself to the inside of wells, materials, and equipment as scale, or in other forms. The wells, materials, and equipment located on the Properties or included in the Assets may contain hazardous materials, including NORM. Hazardous materials, including NORM, may have come into contact with various environmental media, including water, soil, or sediment. Notwithstanding anything to the contrary in this Section or elsewhere in this Agreement, Seller makes no, and hereby disclaims any, representation or warranty, express or implied, with respect to the presence or absence of NORM, asbestos, mercury, drilling fluids and chemicals, and produced waters and Hydrocarbons in or on the Properties or equipment in quantities typical for oilfield operations in the areas in which the Assets are located.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller, as of the date hereof and as of the Closing Date, the following:

6.1 **Existence and Qualification**. Purchaser is a limited liability company organized, validly existing, and in good standing under the Laws of the State of Delaware. Purchaser has all requisite power and authority to own and operate its property and to carry on its business as now conducted. Seller is duly licensed or qualified to do business as a foreign limited partnership in all jurisdictions in which it carries on business or owns assets and such licensure and/or qualification is required by Law.

6.2 **Power**. Purchaser has the power and authority to enter into and perform its obligations under this Agreement (and all documents required to be executed and delivered by Purchaser at Closing) and to consummate the transactions contemplated by this Agreement (and such documents).

6.3 **Authorization and Enforceability**. The execution, delivery, and performance of this Agreement (and all documents required to be executed and delivered by Purchaser at Closing), and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser (and all documents required to be executed and delivered by Purchaser at Closing shall be duly executed and delivered by Purchaser) and this Agreement constitutes, and at the Closing such documents shall constitute, the valid and binding obligations of Purchaser, enforceable in accordance with their terms except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6.4 **No Conflicts**. The execution, delivery and performance of this Agreement by Purchaser, and the consummation of the transactions contemplated by this Agreement, will not (a) violate any provision of the certificate of formation, limited liability company agreement, or other governing instruments of Purchaser or violate, in any material respect, any provision of any agreement or instrument to which Purchaser is a party or to which Purchaser is bound, (b) result in a material default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation, or acceleration under any material note, bond, mortgage, indenture, or other financing instrument to which Purchaser is a party or by which it is bound, (c) violate, in any material respect any judgment, order, ruling, or regulation applicable to Purchaser as a party in interest or (d) violate, in any material respect, any Law applicable to Purchaser.

6.5 **Consents, Approvals or Waivers**. The execution, delivery, and performance of this Agreement by Purchaser will not be subject to any consent, approval, or waiver from any Governmental Authority or other Third Person.

6.6 **Litigation**. There are no actions, suits, or proceedings pending, or, to Purchaser's knowledge, threatened in writing before any Governmental Authority or arbitrator against Purchaser or any Affiliate of Purchaser which are reasonably likely to materially impair or delay Purchaser's ability to perform its obligations under this Agreement.

6.7 **Investment Intent**. Purchaser is acquiring the Assets for its own account and not with a view to their sale or distribution in violation of the Securities Act of 1933, as amended, the rules and regulations thereunder, any applicable state blue sky Laws, or any other applicable securities Laws.

6.8 **Independent Investigation**. Purchaser is (or its advisors are) experienced and knowledgeable in the oil and gas business and aware of the risks of that business. Purchaser acknowledges and affirms that (a) it has completed such independent investigation, verification, analysis, and evaluation of the Assets and has made all such reviews and inspections of the Assets as it has deemed necessary or appropriate to enter into this Agreement, and (b) prior to the Closing, it will have completed its independent investigation, verification, analysis, and evaluation of the Assets and made all such reviews and inspections of the Assets as it deems necessary or appropriate to consummate the transactions contemplated hereby. Except for the representations and warranties expressly made by Seller in Article 5 of this Agreement, the Assignment and Bill of Sale, or the certificates to be delivered to Purchaser pursuant to Section 9.3(c), Purchaser acknowledges that there are no representations or warranties, express or implied, as to the financial condition, liabilities, operations, business, or prospects of the Assets and that, in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser has relied solely upon its own independent investigation, verification, analysis, and evaluation. Purchaser understands and acknowledges that neither the United States Securities and Exchange Commission nor any federal, state, or foreign agency has passed upon the Assets or made any finding or determination as to the fairness of an investment in the Assets or the accuracy or adequacy of the disclosures made to Purchaser, and, except as set forth in Article 11, Purchaser is not entitled to cancel, terminate, or revoke this Agreement.

6.9 **Liability for Brokers' Fees**. Seller shall not, and does not, directly or indirectly, have any responsibility, liability, or obligation for any expense as a result of undertakings or agreements of Purchaser in respect of brokerage fees, finder's fees, agent's commissions, or other similar forms of compensation to an intermediary in connection with the negotiation, execution, or delivery of this Agreement or any agreement or transaction contemplated hereby.

6.10 **Bankruptcy**. There are no bankruptcy, reorganization or receivership proceedings pending against, being contemplated by, or, to Purchaser's knowledge, threatened in writing against, Purchaser or any of its Subsidiaries or Affiliates which seeks to adjudicate Purchaser or any of its Subsidiaries or Affiliates as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, setoff, relief, or composition of its or its debts under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or similar official for it or for any substantial part of its assets.

ARTICLE 7
COVENANTS OF THE PARTIES

7.1 **Access**.

(a) Subject to the limitations expressly set forth in this Agreement, Seller shall provide Purchaser and its representatives access to the Assets and access to and the right to copy, at Purchaser's sole expense, the Records in Seller's possession for the purpose of conducting a confirmatory review of the Assets, but only to the extent that Seller may do so without (i) violating applicable Laws, (ii) violating any obligations to any Third Person, and (iii) to the extent that Seller has authority to grant such access without breaching any restriction binding on Seller. Such access by Purchaser shall be limited to Seller's normal business hours, and Purchaser's investigation shall be conducted in a manner that minimizes interference with the operation of the business of Seller and any applicable Third Person operator. All information obtained by Purchaser and its representatives under this Section 7.1 shall be subject to the terms of the Confidentiality Agreement and any applicable privacy Laws regarding personal information.

(b) Purchaser's access to the Assets and its (and its Affiliates' and representatives') examinations and inspections, whether under this Section 7.1 or otherwise, shall be at Purchaser's sole risk, cost, and expense, and Purchaser **WAIVES AND RELEASES ALL CLAIMS AGAINST SELLER, ITS AFFILIATES, AND EACH OF THEIR RESPECTIVE PARTNERS, MEMBERS, OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, CONTRACTORS, AGENTS, OR OTHER REPRESENTATIVES, ARISING IN ANY WAY THEREFROM, OR IN ANY WAY CONNECTED THEREWITH, EXCEPT TO THE EXTENT CAUSED BY THE WILLFUL MISCONDUCT OF ANY SUCH PERSON**. Purchaser shall indemnify, defend, and hold harmless Seller and its Affiliates, the other owners of interests in the Assets, and all such Persons' directors, officers, employees, agents, contractors, subcontractors, and representatives from and against any and all claims, liabilities, losses, costs, and expenses (including court costs and reasonable attorneys' fees), including claims, liabilities, losses, costs, and expenses attributable to personal injury, death, or property damage, arising out of, or relating to, access to the Assets prior to the Closing by Purchaser, its Affiliates, or its or their respective directors, officers, employees, agents, or representatives, **EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, EXCEPT TO THE EXTENT SUCH DAMAGES ARISE FROM THE MERE DISCOVERY OF A PRE-EXISTING DEFECT OR ISSUE, WHETHER PATENT OR LATENT, AFFECTING THE ASSETS OR ARE CAUSED BY THE WILLFUL MISCONDUCT OF ANY SUCH PERSON. PURCHASER RECOGNIZES AND AGREES THAT ALL MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION OF ANY TYPE AND NATURE MADE AVAILABLE TO IT, ITS AFFILIATES OR REPRESENTATIVES, IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY, WHETHER MADE AVAILABLE PURSUANT TO THIS ARTICLE 7 OR OTHERWISE, ARE MADE AVAILABLE TO IT AS AN ACCOMMODATION, AND WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, OR STATUTORY, AS TO THE ACCURACY AND COMPLETENESS OF SUCH MATERIALS, DOCUMENTS, SAMPLES, REPORTS, AND OTHER INFORMATION. EXCEPT AS EXPRESSLY SET FORTH IN ARTICLE 5, NO WARRANTY OF ANY KIND IS MADE BY SELLER AS TO THE INFORMATION SUPPLIED TO PURCHASER OR ITS AFFILIATES OR REPRESENTATIVES OR WITH RESPECT TO PROPERTIES TO WHICH THE INFORMATION RELATES. PURCHASER EXPRESSLY AGREES THAT, WITHOUT LIMITING ANY OF PURCHASER'S EXPRESS RIGHTS HEREUNDER, INCLUDING UNDER SCHEDULE 7.10, ANY RELIANCE UPON SUCH INFORMATION, OR CONCLUSIONS DRAWN THEREFROM, SHALL BE THE RESULT OF ITS OWN INDEPENDENT REVIEW AND JUDGMENT**.

7.2 **Notification of Breaches**. Until the Closing,

(a) Purchaser shall notify Seller promptly after Purchaser obtains actual knowledge that any representation or warranty of Seller contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Seller prior to or on the Closing Date has not been so performed or observed in any material respect; and

(b) Seller shall notify Purchaser promptly after Seller obtains actual knowledge that any representation or warranty of Purchaser contained in this Agreement is untrue in any material respect or will be untrue in any material respect as of the Closing Date or that any covenant or agreement to be performed or observed by Purchaser prior to or on the Closing Date has not been so performed or observed in a material respect.

(c) Notwithstanding the foregoing, no such notification or failure to provide such notification shall operate as a waiver or otherwise affect any representation, warranty, covenant, agreement or other provision in this Agreement, or the obligations of a Party (or remedies with respect thereto, including but not limited to the indemnification provisions of Section 12.3 or Section 12.2, as applicable) or the conditions to the obligations of Seller under this Agreement.

7.3 **Press Releases**. Each Party will, and will cause any Affiliate thereof to, consult with the other Party before issuing any press release or making any public statement with respect to the Transaction Documents and the transactions contemplated hereby and will provide the other Party and its counsel with a draft of any press release or other public statement at least one (1) Business Day prior to such disclosure, except where advance notice is not permitted by applicable Law; provided, however, Purchaser shall not be entitled to review, and Seller need not consult with Purchaser regarding, or provide to Purchaser any draft of, any press release or public statement regarding the Sabalo Purchase Agreement or transactions contemplated thereby, and the foregoing shall not restrict disclosures by Purchaser or Seller (or any Affiliate of either) (a) to the extent that such disclosures are required by applicable securities or other Laws or the applicable rules of any stock exchange having jurisdiction over the disclosing Party or its Affiliates or (b) to Governmental Authorities and Third Persons holding preferential rights to purchase, rights of consent, or other rights that may be applicable to the transactions contemplated by this Agreement, as reasonably necessary to provide notices, seek waivers, amendments or terminations of such rights, or seek such consents. Each Party shall be liable for the compliance of its respective Affiliates with the terms of this Section 7.3. Each Party will (i) incorporate, in good faith, comments to or other modifications of such disclosure from the other Party relating to any descriptive or identifying information relating to the commenting Party or its Affiliates or advisors, in accordance with the following sentence, and (ii) consider, in good faith, all other comments to or modifications of such disclosure suggested by the commenting Party. Notwithstanding anything herein to the contrary, neither Party shall use the other Party's name without such other Party's prior written approval, except as required by applicable Law or provided in clauses (a) or (b) above; provided, that if either Party has received the requisite approval from the other Party for any disclosures as required hereunder, such Party or its Affiliates shall be entitled to make disclosures substantially similar (as to form and content) to those prior disclosures that have been so approved.

7.4 **Operation of Business**. Except as set forth on **Schedule 7.4(a)**, until the Closing, Seller shall:

(a) use commercially reasonable efforts to maintain, or cause its Affiliates to maintain, as applicable, and operate the Assets in a usual and ordinary course, consistent with past practice;

(b) use commercially reasonable efforts to maintain all material governmental permits and approvals affecting the Assets;

(c) use commercially reasonable efforts to maintain in full force and effect all Leases, except where any such Lease terminates pursuant to its existing terms or where a reasonably prudent operator would not maintain the same;

(d) promptly notify Purchaser of any material election that Seller is required to make under any Material Contract or with respect to any Asset, specifying the nature and time period associated with such election;

(e) not transfer, sell, hypothecate, encumber, or otherwise dispose of any of the Assets, except for (i) sales and dispositions of Hydrocarbons in the ordinary course of business, (ii) sales or salvage of equipment and materials that are surplus or obsolete, or that are replaced; and (iii) any acreage trades made in the ordinary course of business;

(f) not terminate, materially amend, execute, or extend any Material Contract other than the execution or extension of a contract for the sale or exchange of oil, gas and/or other Hydrocarbons terminable without penalty on ninety (90) days or shorter notice or enter into any such contract that would constitute a Material Contract had it been entered into on or prior to the date hereof;

(g) not relinquish voluntarily its position as operator with respect to any of the Assets;

(h) maintain insurance coverage on the Assets in the amount and of the types currently maintained by Seller;

(i) become a non-consenting party to any operation proposed by a Third Person in or to any Wells; and

(j) not propose, agree to, or commence any individual operation on the Assets anticipated to cost in excess of One Hundred Thousand Dollars ($100,000), net to the interest in the Assets to be held by Purchaser after Closing; provided, however, that no approval by Purchaser hereunder shall be required with respect to cost overruns (or supplemental authorizations for expenditure for cost overruns) relating to operations in which Seller has agreed to participate in writing as of the date hereof or in which Seller agrees to participate after the date hereof in compliance with this Section 7.4.

Requests for approval of any action restricted by this Section 7.4 shall be delivered to either of the individuals set forth on **Schedule 7.4(b)**, each of whom shall have full authority to grant or deny such requests for approval on behalf of Purchaser.

Purchaser's approval of any action restricted by this Section 7.4 shall not be unreasonably withheld or delayed (other than in the case of Section 7.4(g) which approval shall be at Purchaser's sole discretion) and shall be considered granted in full within ten (10) days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Seller's notice) of Seller's notice to Purchaser requesting such consent unless Purchaser notifies Seller contrary during such period. Notwithstanding the foregoing provisions of this Section 7.4, in the event of an emergency, Seller may take such action as reasonably necessary and shall notify Purchaser of such action promptly thereafter. The acts or omissions of Third Persons (including the applicable operators of the Assets) who are not Affiliates of Seller shall not constitute a violation of the provisions of this Section 7.4, nor shall any action required by a vote of working interest owners constitute such a violation so long as Seller and its Affiliates have voted their respective interests in a manner consistent with the provisions of this Section 7.4.

7.5 **Governmental Approvals and Bonding**.

(a) The Parties shall each in a timely manner make (or cause their applicable Affiliates to make) all required filings, and prepare applications to, and conduct negotiations with, each Governmental Authority as to which such filings, applications or negotiations are necessary or appropriate in the consummation of the transactions contemplated hereby. Each Party shall cooperate with and use all reasonable efforts to assist the other with respect to such filings, applications, and negotiations.

(b) Without limiting the foregoing, prior to and after the Closing, Purchaser shall use its reasonable efforts to evidence its financial ability to own the Assets and to pay all costs and expenses related thereto to all relevant Governmental Authorities, the lessors under the Leases, co-owners of the Leases, and counterparties to any contracts. Seller shall not be required to make payments, amend any Lease, easement, or contract, or undertake obligations to or for the benefit of the holders of consent rights or preferential rights to purchaser in order to obtain any such consent or waiver of such preferential right to purchase solely to the extent required under the Leases.

(c) Purchaser acknowledges that none of the bonds, letters of credit, guarantees, and other sureties, if any, posted or provided by Seller or its Affiliates with Governmental Authorities or Third Persons that relate to the Assets are transferable to Purchaser.

(d) Promptly after Closing, Purchaser (with the assistance of Seller, subject to Section 13.3) shall make all filings with any applicable Governmental Authority (including in each applicable county), as may be required to properly assign and transfer the Assets from Seller to Purchaser.

7.6 **Further Assurances**. After Closing, Seller and Purchaser agree to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other for carrying out the purposes of this Agreement or of any document delivered pursuant to this Agreement, including but not limited to any such action or document required to effect the conveyance of the Assets to Purchaser.

7.7 **Hedging Matters**. During the period from the date hereof until the Closing Date, Seller (or Seller's Affiliate (the "**Hedging Affiliate**")) shall in consultation with and at the direction of Purchaser as provided in this Section 7.7, enter into one or more swap contracts and basis hedging covering that portion of production from the Assets and within the duration and other parameters as set forth on **Schedule 7.7**, including commodity reference price, tenor and quantity (each, a "**Hedge**") intended to reduce or eliminate the risk of fluctuations in the price of Hydrocarbons with Wells Fargo Bank, N.A. or its respective Affiliates (the "**Counterparty**"). Upon receipt of written instructions (which may be transmitted in electronic format) from Purchaser directing Seller to enter into the Hedges, Seller shall promptly execute, for the benefit of Purchaser, the Hedges. Subject to the limitations described above, Seller shall execute novations as to such Hedges, and Purchaser hereby agrees to accept such novations upon Closing and, upon acceptance by BP Energy Company (or another entity acceptable to Counterparty) of such novations, Purchaser will assume all liabilities and retain all economic value related or attributable to such Hedge, pursuant to documentation required by the Counterparty except as set forth in Sections 3.2 or 3.3; provided, however, that to the extent that any Assets is excluded from the purchase and sale hereunder at the Closing pursuant to Section 4.3, such novation of the Hedges shall be reduced pro rata based on Allocated Value to account for such exclusion. If this Agreement is terminated prior to the Closing, no such novation shall be entered into. Upon Purchaser's request, and subject to any restrictions in any relevant Hedge contract, Seller shall provide pricing information in respect of any requested Hedge.

7.8 **Tag-Along Rights**.

(a) If at any time Seller (i) intends to Transfer all or any portion of its interest the Assets (the "**Seller Tag Interests**") to a Third Person through a sales process initiated by Seller (a "**Marketed Sales Process**"), or (ii) receives an offer or proposal by a Third Person to purchase Seller's interest in the Assets other than through a Marketed Sales Process (an "**Unsolicited Offer**", and together with a Marketed Sales Process, each, a "**Proposed Tag-Along Sale**"), then Purchaser shall be entitled to exercise tag-along rights to participate in such Transfer in accordance with this Section 7.8 (the "**Tag-Along Rights**").

(b) Seller shall notify Purchaser as soon as practicable if it elects to pursue any Unsolicited Offer, which notice (an "**Unsolicited Tag-Along Notice**") shall (i) set forth the identity of each Person (an "**Offeror**") that desires to acquire Seller's interest in the Assets, (ii) include the material terms and conditions of such Unsolicited Offer (including the offer price) in Seller's possession, and (iii) set forth Seller's interest in the Assets which will be sold or conveyed pursuant to the Unsolicited Offer.

(c) No later than five (5) Business Days after Seller formally engages any Third Person investment bank for purposes of conducting a Marketed Sales Process or, if no Third Person investment bank is engaged, five (5) Business Days before Seller launches a Marketed Sales Process, Seller shall deliver written notice (a "**Marketed Tag-Along Notice**") to Purchaser stating that Seller proposes to pursue such Marketed Sales Process, which notice shall set forth a general description of the proposed Marketed Sales Process to be used with respect to the Seller Tag Interests and the portion of Purchaser's respective interest in the Assets corresponding to the Seller Tag Interests (the "**Purchaser Tag-Along Interest**").

(d) In the event of an Unsolicited Offer, on the date that is five (5) Business Days after Purchaser's receipt of an Unsolicited Tag-Along Notice, Purchaser shall have the right, but not the obligation, to elect to include the Purchaser Tag-Along Interest in the Proposed Tag-Along Sale. In the event of a Marketed Sales Process, within twenty (20) Business Days of its receipt of a Marketed Tag-Along Notice, Purchaser shall have the right, but not the obligation, to elect to include the Purchaser Tag-Along Interest in the Proposed Tag-Along Sale, in accordance with, and subject to the limitations set forth in, this Section 7.8.

(e) If Purchaser exercises its Tag-Along Rights to participate in the Marketed Sales Process, then (i) Purchaser and Seller shall use commercially reasonable efforts to jointly market the Seller Tag Interests along with the Purchaser Tag-Along Interest (including entering into any customary confidentiality agreement between Seller and Purchaser with respect to the sharing of information in connection with the Marketed Sales Process); (ii) each Party shall bear its proportionate share, based on their respective allocated value, of all costs and expenses incurred in connection with any Third Person financial advisors jointly engaged by the Parties in connection with such Marketed Sales Process; (iii) any potential bidder shall be required to make a separate offer for the Seller Tag Interests and the Purchaser Tag-Along Interest; provided that each such separate offer shall be made on substantially the same terms and conditions (other than total price); (iv) Seller shall notify Purchaser of all bona fide bids and offers received; and (v) each of Seller and Purchaser shall have the right, in its sole discretion, to accept or reject any offer with respect to its interest included in the Marketed Sales Process (including the purchase price allocated to its interests by any such bidder).

(f) If Purchaser exercises its Tag-Along Rights with respect to the Unsolicited Offer, then (i) Seller shall notify the Offeror of Purchaser's election and the Purchaser Tag-Along Interest; (ii) the Offeror shall purchase the Purchaser Tag-Along Interest upon substantially the same terms and conditions as those received by Seller; provided that (x) any representations and warranties relating specifically to any Party shall be made only by that Party and (y) any representations and warranties with respect to operational matters to be made by Purchaser shall be qualified by its officer's actual knowledge; and (iii) Seller shall be entitled to accept or reject the Unsolicited Offer in its sole discretion. The failure of Purchaser to provide notice to Seller within such period shall be deemed an election by Purchaser not to exercise its respective Tag-Along Rights.

(g) Notwithstanding anything to the contrary herein, Seller is not obligated to consummate any Proposed Tag-Along Sale (regardless of Purchaser's election), and Seller shall be entitled to withdraw any Unsolicited Tag-Along Notice or a Marketed Tag-Along Notice with respect to the Seller Tag Interests in its sole discretion. Notwithstanding anything to the contrary herein, with respect to any Proposed Tag-Along Sale, if the Seller Tag Interests permitted to be sold pursuant to this Section 7.8 when combined with the Purchaser Tag-Along Interest exceed the interests that the Offeror is willing to purchase pursuant to such Proposed Tag-Along Sale, then the Seller Tag Interests and Purchaser Tag-Along Interests shall be reduced proportionately until the aggregate of the Seller Tag Interests and the Purchaser Tag-Along Interests to be sold hereunder does not exceed the interest Offeror is willing to purchase pursuant to such Proposed Tag-Along Sale.

(h) If Purchaser elects not to exercise the Tag-Along Rights in any Proposed Tag-Along Sale, then Seller may, for a period of one-hundred eighty (180) days from the date on which Purchaser elects (or is deemed to elect) not to exercise its Tag-Along Rights, consummate such Proposed Tag-Along Sale and on terms that are substantially no more favorable in the aggregate than those set forth in the Unsolicited Tag-Along Notice or Marketed Tag-Along Notice, as applicable (subject to reasonable extension to the extent necessary to satisfy any applicable approval by any Governmental Authority or any appropriate due diligence requirements). If Seller fails to consummate such Proposed Tag-Along Sale within such one-hundred eighty (180) day period (subject to reasonable extension to the extent necessary to satisfy any applicable approval by any Governmental Authority or any appropriate due diligence requirements), then the Seller Tag Interests shall be subject to this Section 7.8 again.

(i) Upon the request of Seller, Purchaser will enter into a customary confidentiality agreement with Seller pursuant to which Purchaser will agree to keep all information provided by Seller or any of its representatives or Affiliates to Purchaser related to the proposed Transfer (including the existence of such proposed Transfer) confidential effective as of the first day Seller or any of its representatives or Affiliates provides any such information to Purchaser.

7.9 **Earnout**. The Parties hereby agree to the terms and conditions set forth on **Schedule 7.9** relating to the potential post-Closing payment by Purchaser to Seller of certain Earnout Payment Amounts.

7.10 **Title Matters**. The Parties hereby agree to the terms and conditions set forth on **Schedule 7.10** relating to Purchaser's title review process from and after Closing and its potential assertion of Title Defects relating thereto.

7.11 **Notification of Sabalo Closing**. Seller shall promptly notify Purchaser as to the expected closing date of the transactions contemplated by the Sabalo Purchase Agreement (and, in any case, Seller shall provide such notification to Purchaser no later than ten (10) days prior to such expected closing date), which, as of the date hereof, is currently anticipated to be July 1, 2021.

7.12 **Exclusivity**. From the date hereof until December 31, 2021 or, if earlier, the Closing Date, if Seller consummates any acquisition or purchase of, directly or indirectly, all or a material portion of the assets of Sabalo Energy LLC (whether through asset purchase, equity purchase, merger or otherwise), including pursuant to the Sabalo Purchase Agreement, then Seller shall be obligated to consummate the sale of the Assets to Purchaser pursuant to the terms of this Agreement or on substantially the same terms and conditions to those of this Agreement; provided, however, the obligations set forth in this Section 7.12 shall terminate to the extent it has been determined by a final, non-appealable judgment from a court of competent jurisdiction that Seller is entitled to a Damages Payment pursuant to Section 11.3(a)(ii).

ARTICLE 8
CONDITIONS TO CLOSING

8.1 **Conditions of Seller to Closing**. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject, at the option of Seller, to the satisfaction on or prior to Closing of each of the following conditions:

(a) the representations and warranties of Purchaser set forth in Article 6 shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date); provided that the representations and warranties of Purchaser set forth in Sections 6.1 through 6.4, 6.9, and 6.10 shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date);

(b) Purchaser shall have performed and observed (or as to covenants and agreements to be performed at Closing, is ready, willing and able to perform), in all material respects, all covenants and agreements to be performed or observed by Purchaser under this Agreement prior to or on the Closing Date;

(c) on the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Seller or its Affiliates) shall be pending or threatened in writing before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover damages from Seller or any Affiliate of Seller resulting therefrom;

(d) Purchaser shall have delivered (or be ready, willing and able to deliver at Closing) to Seller the documents and other items required to be delivered by Purchaser under Section 9.3; and

(e) the transactions contemplated by (i) that certain Purchase and Sale Agreement dated May 7, 2021 by and between Seller, Sabalo Energy, LLC and Sabalo Operating, LLC and (ii) that certain Purchase and Sale Agreement dated May 7, 2021 by and between Seller and Shad Permian, LLC (collectively, the "**Sabalo Purchase Agreement**") shall be consummated substantially concurrently with the transactions contemplated hereby.

8.2 **Conditions of Purchaser to Closing**. The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject, at the option of Purchaser, to the satisfaction on or prior to Closing of each of the following conditions:

(a) the representations and warranties of Seller set forth in Article 5 shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except for such breaches, if any, as would not, individually or in the aggregate, have a Material Adverse Effect; provided that the Fundamental Representations shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date);

(b) Seller shall have performed and observed (or as to covenants and agreements to be performed at Closing, is ready, willing and able to perform) all covenants and agreements to be performed or observed by it under this Agreement prior to or on the Closing Date in all material respects, other than the covenants and agreements to be performed or observed by Seller in Section 7.7 which Seller shall have performed and observed prior to or on the Closing Date in all material respects; *provided* however that for purposes of this Section 8.2(b), Seller's failure to (i) novate at least 75% of all volumes of the Hedges entered into by Seller as of the date hereof to Purchaser in accordance with Section 7.7 or (ii) execute Hedges and novate such Hedges set forth in Schedule 7.7 to Purchaser in accordance with Section 7.7 in material respects, shall, in each case, be deemed a material breach of the covenants and agreements to be performed or observed by Seller in accordance with Section 7.7;

(c) on the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Purchaser or any of its Affiliates) shall be pending or threatened in writing before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial damages from Purchaser or any Affiliate of Purchaser resulting therefrom;

(d) Seller shall have delivered (or be ready, willing and able to deliver at Closing) to Purchaser the documents and other items required to be delivered by Seller under Section 9.2;

(e) the transactions contemplated by the Sabalo Purchase Agreement shall be consummated substantially concurrently with the transactions contemplated hereby; and

(f) the aggregate Allocated Value attributable to the Assets deemed to be Excluded Assets resulting from unobtained Required Consents pursuant to Section 4.2(b) does not exceed fifteen percent (15%) of the Unadjusted Purchase Price.

ARTICLE 9
CLOSING

9.1 **Time and Place of Closing**. Subject to the satisfaction of all of the conditions to Closing set forth in Article 8 having been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), the consummation of the purchase and sale of the Assets contemplated by this Agreement (the "**Closing**") shall, unless otherwise agreed to in writing by Purchaser and Seller, take place at the offices of Akin Gump Strauss Hauer & Feld LLP, located at 1111 Louisiana St., 44th Floor, Houston, Texas 77002, concurrently with the consummation of the transactions contemplated by the Sabalo Purchase Agreement (the "**Target Closing Date**"). The date on which the Closing occurs is referred to herein as the "**Closing Date**."

9.2 **Obligations of Seller at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Purchaser of its obligations pursuant to Section 9.3, Seller shall deliver or cause to be delivered to Purchaser, among other things, the following:

(a) counterparts of the assignment and bill of sale ("**Assignment and Bill of Sale**") in the form attached hereto as **Exhibit B**, duly executed and acknowledged by Seller, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(b) assignments in the form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed by Seller, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(c) executed certificates described in Treasury Regulation § 1.1445-2(b)(2) certifying that Seller is not a foreign person within the meaning of the Code;

(d) a certificate from Seller duly executed by an authorized officer of Seller, dated as of the Closing, certifying on behalf of Seller that the conditions set forth in Sections 8.2(a) and 8.2(b) have been fulfilled with respect to Seller and its Assets;

(e) where notices of approval, consent, or waiver are received by Seller pursuant to Section 7.5, copies of those notices of approval;

(f) counterparts of the operating agreement ("**Operating Agreement**") in the form attached hereto as **Exhibit C**, duly executed by Seller and any instrument required thereby, including the memorandum of operating agreement thereto duly executed and acknowledged by Seller;

(g) copies of all novations to Purchaser in respect of the Hedges described in Section 7.7;

(h) Uniform Commercial Code and other releases in recordable form and in form and substance acceptable to Purchaser of any deeds of trust, mortgages, financing statements, fixture filings, pledge agreements and security agreements, in each case, securing indebtedness for borrowed money made by Seller or its Affiliates affecting the Assets or securing the Hedges; and

(i) all other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Purchaser.

9.3 **Obligations of Purchaser at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Seller of their respective obligations pursuant to Section 9.2, Purchaser shall deliver or cause to be delivered to Seller, among other things, the following:

(a) a wire transfer of the Closing Payment in same-day funds;

(b) counterparts of the Assignment and Bill of Sale, duly executed and acknowledged by Purchaser, in sufficient duplicate originals to allow recording in all appropriate jurisdictions and offices;

(c) assignments in the form required by any Governmental Authority for the assignment of any Assets controlled by such Governmental Authority, duly executed by Purchaser, in sufficient duplicate originals to allow recording and filing in all appropriate offices;

(d) a certificate from Purchaser duly executed by an authorized officer of Purchaser, dated as of the Closing, certifying on behalf of Purchaser that the conditions set forth in Sections 8.1(a) and 8.1(b) have been fulfilled;

(e) where notices of approval, consent, or waiver are received by Purchaser pursuant to Section 7.5, copies of those notices of approval, consent, or waiver;

(f) evidence of replacement bonds, guarantees, and letters of credit, pursuant to Section 7.5;

(g) any other forms required by any Governmental Authority relating to the assignments of the Assets;

(h) counterparts of the Operating Agreement and any instrument required thereby, including the memorandum of operating agreement thereto duly executed and acknowledged by Purchaser; and

(i) all other instruments, documents, and other items reasonably necessary to effectuate the terms of this Agreement, as may be reasonably requested by Seller.

9.4 **Closing Payment and Post-Closing Purchase Price Adjustments**.

(a) Not later than ten (10) Business Days prior to the Closing Date, Seller shall prepare and deliver to Purchaser, using and based upon the best information available to Seller, a preliminary settlement statement estimating the Purchase Price for the Assets after giving effect to all adjustments set forth in Section 3.2. The estimate delivered in accordance with this Section 9.4(a) shall constitute the dollar amount to be payable by Purchaser to Seller at the Closing (the "**Closing Payment**").

(b) As soon as reasonably practicable after the Closing but not later than the two hundred fortieth (240th) day following the Closing Date, Seller shall prepare and deliver to Purchaser a draft statement setting forth the final calculation of the Purchase Price and showing the calculation of each adjustment under Section 3.2, based on the most recent actual figures for each adjustment. Seller shall, at Purchaser's request, make such reasonable documentation as is in Seller's possession available to support the final figures. As soon as reasonably practicable, but not later than the thirtieth (30th) day following receipt of such statement from Seller, Purchaser shall deliver to Seller a written report containing any changes that Purchaser proposes be made to such statement. Seller may deliver a written report to Purchaser during this same period reflecting any changes that Seller proposes to be made to such statement as a result of additional information received after the statement was prepared. If Purchaser does not deliver such report to Seller on or before the end of such thirty (30) day period, Purchaser shall be deemed to have agreed with Seller's statement, and such statement shall become final and binding upon the Parties.

(c) The Parties shall undertake to agree on the final statement of the Purchase Price no later than ninety (90) days after Purchaser's receipt of Seller's statement. In the event that the Parties cannot reach agreement within such period of time, any Party may, within ten (10) Business Days thereafter, refer the items of adjustment which are in dispute to, the Houston, Texas office of Deloitte & Touche LLP or, if such firm is not able or willing to serve, a nationally-recognized independent accounting firm or consulting firm mutually acceptable to both Purchaser and Seller (the "**Accounting Arbitrator**"), for review and final determination by arbitration. If the Parties have not agreed upon an alternate Person to serve as Accounting Arbitrator during such ten (10) Business Day period, either Party may, within five (5) Business Days after the end of such initial ten (10) Business Day period, formally apply to the Houston, Texas office of the American Arbitration Association to choose the Accounting Arbitrator. If no Party has submitted such disputed aspects of the calculation of the Purchase Price to the Accounting Arbitrator or applied to the Houston, Texas office of the American Arbitration Association to choose the Accounting Arbitrator, as applicable, within the relevant time periods set forth above, Purchaser shall be deemed to have waived its dispute of such disputed aspects of the calculation of the Purchase Price, and Seller's assertions with respect thereto shall be final and binding on the Parties.

(d) The Accounting Arbitrator shall conduct the arbitration proceedings in Houston, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules do not conflict with the terms of this Section 9.4. The Accounting Arbitrator's determination shall be made within forty-five (45) days after submission of the matters in dispute and shall be final and binding on all Parties, without right of appeal. In determining the proper amount of any adjustment to the Purchase Price, the Accounting Arbitrator shall be bound by the terms of Article 3 and may not increase the Purchase Price more than the increase proposed by Seller nor decrease the Purchase Price more than the decrease proposed by Purchaser, as applicable. The Accounting Arbitrator shall act as an expert for the limited purpose of determining the specific disputed aspects of Purchase Price adjustments submitted by any Party and may not award damages, interest (except as expressly provided for in this Section 9.4) or penalties to any Party with respect to any matter. Each Party shall bear its own legal fees and other costs of presenting its case. Seller shall bear one half and Purchaser shall bear one half of the costs and expenses of the Accounting Arbitrator. Within ten (10) days after the earlier of (i) the expiration of Purchaser's thirty (30) day review period without delivery of any written report or (ii) the date on which the Parties or the Accounting Arbitrator finally determine the Purchase Price, (x) Purchaser shall pay to Seller the amount by which the Purchase Price exceeds the Closing Payment or (y) Seller shall pay to Purchaser the amount by which the Closing Payment exceeds the Purchase Price, as applicable.

(e) Purchaser shall assist Seller in preparation of the final statement of the Purchase Price under Section 9.4(b) by furnishing invoices, receipts, reasonable access to personnel, and such other assistance as may be requested by Seller to facilitate such process.

(f) All payments made or to be made under this Agreement to Seller shall be made by electronic transfer of immediately available funds to a bank account as may be specified by Seller in writing. All payments made or to be made hereunder to Purchaser shall be by electronic transfer or immediately available funds to a bank and account specified by Purchaser in writing.

ARTICLE 10
TAX MATTERS

10.1 **Transfer Taxes**. Seller and Purchaser shall each bear fifty percent (50%) of any sales, use, excise, real property transfer or gain, gross receipts, goods and services, registration, capital, documentary, stamp or transfer Taxes, and similar Taxes and fees (the "**Transfer Taxes**") incurred and imposed upon, or with respect to, the property transfers or other transactions contemplated hereby. Should Seller or any Affiliate of Seller pay any amount for which Purchaser is liable under this Section 10.1, Purchaser shall, promptly following receipt of Seller's invoice describing the amount in reasonable detail, reimburse the amount paid. If such transfers are exempt from any such Taxes or fees upon the filing of an appropriate certificate or other evidence of exemption, Purchaser shall timely furnish to Seller such certificate or evidence.

10.2 **Liability for Taxes; Tax Returns**.

(a) (i) Seller shall be allocated and assume responsibility for, and shall bear, all Asset Taxes attributable to (A) any Tax period ending prior to the Effective Date, and (B) the portion of any Straddle Period ending immediately prior to the Effective Date, and (ii) Purchaser shall be allocated and assume responsibility for, and shall bear, all Asset Taxes attributable to (A) any Tax period beginning on or after the Effective Date, and (B) the portion of any Straddle Period beginning on or after the Effective Date. For purposes of determining the allocation of Asset Taxes, (i) Asset Taxes that are attributable to the severance or production of Hydrocarbons (other than such Asset Taxes that are described in clause (iii), below) shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred, (ii) Asset Taxes that are based upon or related to income or receipts or imposed on a transactional basis (other than such Asset Taxes described in clause (i) or (iii)), shall be allocated to the period in which the transaction giving rise to such Asset Taxes occurred, and (iii) Asset Taxes that are ad valorem, property, or other Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the Effective Date and the portion of such Straddle Period beginning on the Effective Date by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the date on which the Effective Date occurs, on the one hand, and the number of days in such Straddle Period that occur on or after the date on which the Effective Date occurs, on the other hand.

(b) To the extent the actual amount of an Asset Tax is not known at the time an adjustment is to be made with respect to such Asset Tax pursuant to Section 3.2, the Parties shall utilize the most recent information available in estimating the amount of such Asset Tax for purposes of such adjustment. After the Closing, the Party (the "**Paying Party**") receiving an Asset Tax bill or notice applicable to the Assets for a Straddle Period shall promptly notify the other Party or Parties that may be responsible for a portion of such Asset Taxes pursuant to this Section 10.2(b) (the "**Reimbursing Party**") in writing (together with any available discount for early payment of such amount), and the Paying Party shall pay such Asset Tax bill prior to the last day such Asset Taxes may be paid without penalty or interest. Upon receipt of the written notice from the Paying Party, which shall include appropriate supporting documentation, the Reimbursing Party shall promptly pay the Paying Party any amount equal to the portion of the Asset Taxes for which the Reimbursing Party is liable under this Agreement. The Parties shall reasonably cooperate with each other after Closing with respect to any Asset Tax assessment or valuation (or protest in connection therewith) by any Governmental Authority with respect to a Straddle Period. To the extent the actual amount of an Asset Tax (or the amount thereof paid or economically borne by a Party) is ultimately determined to be different than the amount (if any) that was taken into account in the Purchase Price as finally determined pursuant to Section 9.4, or any Party is required to file a Tax Return pursuant to Section 10.2(c) with respect to Asset Taxes that are allocable (in whole or in part) to another Party, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under Section 10.2(a).

(c) Seller shall prepare and timely file any Tax Return with respect to Asset Taxes due on or before the Closing Date or that otherwise relates solely to periods before the Closing Date (a "**Pre-Closing Tax Return**") and shall pay any Asset Taxes due and owing on or before the Closing Date, subject to Seller's right of reimbursement for any Asset Taxes for which Purchaser is responsible under Section 10.2(a). Except to the extent required by applicable Law, Purchaser shall not, and shall not permit its Affiliates to, amend any Pre-Closing Tax Return without Seller's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. After the Closing Date, Purchaser shall prepare and timely file any Tax Returns with respect to Asset Taxes required to be filed after the Closing Date, including such Tax Returns for any Straddle Period that are due after the Closing Date (a "**Post-Closing Tax Return**"), and shall pay any Asset Taxes due and owing after the Closing Date, subject to Purchaser's right of reimbursement for any Asset Taxes for which Seller is responsible under Section 10.2(a). Purchaser shall file any Post-Closing Tax Return relating to a Straddle Period in a manner consistent with past practice. To the extent any such Post-Closing Tax Return relates to a Straddle Period, Purchaser shall submit such Tax Return to Seller for its review and comment reasonably in advance of the due date therefor and timely file each such Tax Return, incorporating any reasonable comments received from Seller reasonably in advance of the due date therefor. The Parties agree that (i) this Section 10.2(c) is intended to solely address the timing and manner in which certain Tax Returns relating to Asset Taxes are filed and the Asset Taxes shown thereon are paid to the applicable Governmental Authority, and (ii) nothing in this Section 10.2(c) shall be interpreted as altering the manner in which Asset Taxes are allocated to and economically borne by the Parties (except for any penalties, interest, or additions to Tax imposed as a result of any breach by a Party of its obligations under this Section 10.2(c), which shall be borne by the breaching Party).

10.3 **Contest Provisions**.

(a) Each of Purchaser, on the one hand, and Seller, on the other hand (the "**Tax Indemnified Person**"), shall notify Seller or Purchaser, as the case may be (the "**Tax Indemnifying Person**"), in writing within ten (10) Business Days of receipt by the Tax Indemnified Person of written notice of any pending or threatened audits, adjustments, claims, examinations, assessments, or other proceedings (a "**Tax Audit**") which may affect the liability for Asset Taxes of such other Party. If the Tax Indemnified Person fails to give such timely notice to the other Party, it shall not be entitled to indemnification for any Asset Taxes arising in connection with such Tax Audit to the extent that such failure to give notice adversely affects the other Party's right to participate in the Tax Audit.

(b) If such Tax Audit only relates to any Asset Taxes for which Seller would be liable to indemnify Purchaser under this Agreement, Seller shall have the option, at its expense, to control the defense and settlement of such Tax Audit; provided that Seller and none of its respective Affiliates shall enter into any settlement of, or otherwise compromise, any Tax Audit that adversely affects or may adversely affect the Tax liability of Purchaser or any Affiliate of Purchaser for any period ending on or after the Effective Date, including the portion of any Straddle Period beginning on or after the Effective Date, without the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned, or delayed). Purchaser shall control, at its expense, any other Tax Audit not controlled by Seller; provided that Purchaser shall not settle or enter into any compromise with respect to any such Tax Audit without Seller's consent (which consent shall not be unreasonably withheld, conditioned, or delayed) to the extent such settlement or compromise would reasonably be expected to impose liability on Seller with respect to any such Asset Taxes that are subject to such Tax Audit.

10.4 **Refunds**. Without duplication of Section 2.2(h), the Parties agree to pay to the other Party any refund received (whether by payment, credit, offset, or otherwise, and together with any interest thereon), net of any costs or expenses incurred by such recipient Party in procuring such refund, after the Closing by such Party or its Affiliates in respect of any Taxes for which the other Party is responsible pursuant to Section 10.2. The Parties shall cooperate in order to take all necessary steps to claim any such refund. Any such refund received by Seller or Purchaser, or any of their respective Affiliates, shall be paid to Seller or Purchaser, as applicable, within thirty (30) days after such refund is received. Each Party shall notify the other Party within ten (10) days following the discovery of a right to claim any such refund and upon the receipt of any such refund. In the event that a Party receives written notification from the other Party that such Party has the right to claim a refund to which such other Party is entitled hereunder, such Party shall, at the sole expense of such other Party, take any actions that are reasonably required to claim such refund as promptly as practicable after receipt of such notification and shall furnish to such other Party, if requested in writing by such other Party, all information, records, and assistance reasonably necessary to verify the amount of such refund.

10.5 **Access to Information**.

(a) From and after Closing, each Party shall grant to the other Party (or its designees) access at all reasonable times to all of the information, books, and records relating to the Assets within the possession of such Party (including work papers and correspondence with any Governmental Authority, but excluding work product of and attorney-client communications with such Party's legal counsel and personnel files), and shall afford Purchaser (or its designees) the right (at Purchaser's sole expense) to take extracts therefrom and to make copies thereof, to the extent reasonably necessary to permit Purchaser (or its designees) to prepare Tax Returns, to conduct negotiations with any Governmental Authority, and to implement the provisions of, or to investigate or defend any claims between the Parties arising under, this Agreement.

(b) In the case of any Asset Taxes with respect to the Assets for which the other Party may be liable hereunder, each of the Parties will preserve and retain all schedules, work papers and other documents relating to any Tax Returns or to any Asset Tax claims, audits, or other proceedings until the expiration of the statute of limitations (including extensions) applicable to the taxable period to which such documents relate or until the final determination of any controversy with respect to such taxable period, and until the final determination of any payments that may be required with respect to such taxable period under this Agreement.

(c) At Seller's request, Purchaser shall provide reasonable access to Purchaser's and its Affiliates' personnel who have knowledge of the information described in this Section 10.5.

10.6 **Tax Deferred Exchange**. If either Party so requests, the other shall cooperate fully, as and to the extent reasonably requested by such Party, in connection with accommodating a like-kind exchange as provided for under Section 1031 of the Code and any corresponding state income tax provision ("**Like-Kind Exchange**"), including identification of the situs of replacement property for state income tax purposes. Each Party reserves the right, at or prior to the Closing, to assign its rights under this Agreement with respect to all or a portion of the Purchase Price, and that portion of the Assets associated therewith ("**1031 Assets**"), to a Qualified Intermediary ("**QI**") (as that term is defined in Treasury Regulation Section 1.1031(k)-1(g)(4)(v)) or Exchange Accommodation Titleholder ("**EAT**") (as that term is defined in Revenue Procedure 2000-37) to accomplish this transaction, in whole or in part, in a manner that will comply with the requirements of a Like-Kind Exchange. Each Party hereby (a) consents to the other Party's assignment of its rights in this Agreement with respect to the 1031 Assets and (b) if such an assignment is made, agrees to transfer all or a portion of the Purchase Price or the Assets, as applicable, at the Closing as directed in writing by the other Party. Each Party acknowledges and agrees that a whole or partial assignment of this Agreement to a QI or EAT shall not release it from any of its respective liabilities and obligations to the other Party or expand any liabilities or obligations of the other Party under this Agreement. Neither Party shall be obligated to pay any additional costs or incur any additional obligations in its purchase or sale of the Assets if such costs are the result of the other Party's Like-Kind Exchange.

10.7 **Conflict**. In the event of a conflict between the provisions of this Article 10 and any other provision of this Agreement, this Article 10 shall control.

ARTICLE 11
TERMINATION

11.1 **Termination**. This Agreement may be terminated at any time prior to Closing: (a) by the mutual prior written consent of the Parties; (b) by either Party if the Closing has not occurred on or before August 2, 2021 (the "**Long Stop Date**"); provided that if the outside date in the Sabalo Purchase Agreement is extended, the Long Stop Date shall be automatically extended accordingly; provided further that in no event shall the Long Stop Date be extended beyond December 31, 2021; or (c) by either Party if the Sabalo Purchase Agreement is terminated; provided, however, that, no Party shall be entitled to terminate this Agreement under Section 11.1(b) if the Closing has failed to occur because such Party has willfully failed to perform or observe, in any material respect, its covenants and agreements hereunder.

11.2 **Effect of Termination**. If this Agreement is terminated pursuant to Section 11.1, this Agreement shall become void and of no further force or effect (except for the provisions of Article 1, Sections 4.1(a), 7.1(b), 7.3, 7.12, Article 11, and Article 13, and the Confidentiality Agreement, all of which shall continue in full force and effect). Notwithstanding anything to the contrary in this Agreement, the termination of this Agreement under Section 11.1 shall not relieve any Party from liability for any willful or negligent failure to perform or observe in any material respect any of its agreements or covenants contained herein that are to be performed or observed at or prior to Closing.

11.3 **Certain Remedies for or in Lieu of Termination**.

(a) If (w) all of the conditions to closing in the Sabalo Purchase Agreement (other than any conditions that by their nature are to be satisfied at the closing of the transactions contemplated thereby) (the "**Sabalo Closing**") have been and remain satisfied or waived; and (x) Seller is entitled to terminate this Agreement under Section 11.1(b) or (c), and (y) all of the conditions to Closing set forth in Section 8.2 have been satisfied (to the extent capable of satisfaction prior to Closing), and (z) Purchaser has willfully failed to proceed to Closing, then Seller shall be entitled, to:

(i) seek an injunction, specific performance and other equitable relief to cause Purchaser to specifically perform its obligations to consummate the transactions contemplated hereby and solely in the event that (x) the transactions contemplated hereby are consummated and (y) any of the Hedges entered into pursuant to Section 7.7 are terminated as required by the Counterparty prior to the Closing as a result of the automatic termination events and this Section 11.3(a)(i) applies, such settlement payment resulting from such termination that is actually paid or received by Seller, as applicable, shall be reimbursed by or paid to Purchaser, as applicable, in each case, up to One Hundred Million Dollars ($100,000,000) (such amount up to such cap, the "**Hedge Termination Payment**"); or

(ii) in lieu of the remedies set forth in Section 11.3(a)(i), in the event that the Sabalo Purchase Agreement has terminated without closing, Seller has terminated this Agreement pursuant to Section 11.1(c) and this Section 11.3(a) applies, as Seller's sole and exclusive remedy, payment by Purchaser of (A) Seller's actual damages arising from such termination up to an amount no more than Seventy One Million Five Hundred Thousand Dollars ($71,500,000), plus (B) such amount of costs of termination of the Hedges entered into pursuant to Section 7.7 actually paid by Seller up to Fifteen Million Dollars ($15,000,000) (the amounts set forth in clause (A) and clause (B), collectively, the "**Damage Payment**"). Such Damage Payment, together with the Fee Payment, shall constitute full and complete satisfaction of any and all damages that Seller may have against Purchaser, and Seller shall have no right to seek any other remedies available law or in equity against Purchaser.

provided, however, that if a formal legal proceeding is instituted by Seller to enforce the obligations under Section 11.3(a)(i) or Section 11.3(a)(ii), after a final non-appealable judgment by a court of competent jurisdiction, the Party prevailing in the proceeding shall be reimbursed by the other Party for reasonable and documented court costs and fees of outside attorneys actually incurred by the prevailing Party up to an amount not to exceed Three Million Dollars ($3,000,000) (the "**Fee Payment**").

It is expressly agreed and acknowledged by the Parties that Seller is relying upon the consummation of the transactions contemplated in this Agreement, including the payment by Purchaser of the Purchase Price at Closing, to enable Seller to consummate the transactions contemplated in the Sabalo Purchase Agreement, Seller would be unable to facilitate or otherwise timely arrange any alternative sources of capital to consummate the transactions contemplated in the Sabalo Purchase Agreement absent Closing under this Agreement, Seller would suffer permanent and irreparable harm in so being unable to consummate the transactions contemplated in the Sabalo Purchase Agreement, including both the loss of the deposit thereunder and the forfeiture of its ability to acquire certain unique and substantial real property interests as described therein, the potential termination remedy of Seller set forth in Section 11.1 is not intended to and does not adequately compensate for such harm, and in the event that Seller is so permitted to terminate this Agreement in such an instance, monetary damages would not be sufficient to compensate Seller for such termination of this Agreement, based on the unique nature of the Assets and the uncertainty of markets, including markets for Hydrocarbon assets, both under this Agreement and the Sabalo Purchase Agreement, and the irreversible damage caused on Seller's ability to consummate the transactions contemplated in the Sabalo Purchase Agreement. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief as made available under this Section 11.3 on the basis that Seller has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. To the extent Seller seeks an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, it shall not be required to provide any bond or other security in connection with such order or injunction.

(b) If (x) Purchaser terminates, or is entitled to terminate, this Agreement under Section 11.1(b), and (y) all of the conditions to Closing set forth in Section 8.1 have been satisfied (to the extent capable of satisfaction prior to Closing), and (z) Seller has willfully failed to proceed to Closing, then, in lieu of seeking any other remedy to which it is entitled to in law or in equity, including any claim for Damages, Purchaser shall be entitled, as its sole and exclusive remedy, to an injunction, specific performance and other equitable relief to cause Seller to specifically perform its obligations to consummate the transactions contemplated hereby, it being expressly agreed and acknowledged by the Parties that (i) Purchaser is relying upon the consummation of the transactions contemplated in this Agreement, (ii) Purchaser would suffer permanent and irreparable harm in so being unable to consummate the transactions contemplated hereby, (iii) the potential termination remedy of Purchaser set forth in Section 11.1 is not intended to and does not adequately compensate for such harm, and (iv) in the event that Purchaser is so permitted to terminate this Agreement in such an instance, monetary damages would not be sufficient to compensate Purchaser for such termination of this Agreement. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief as made available under this Section 11.3 on the basis that Purchaser has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. To the extent Purchaser seeks an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, it shall not be required to provide any bond or other security in connection with such order or injunction. If a formal legal proceeding is instituted by Purchaser to enforce the obligations under Section 11.3(b), after a final non-appealable judgment by a court of competent jurisdiction, the Party prevailing in the proceeding shall be reimbursed by the other Party for reasonable and documented court costs and fees of outside attorneys actually incurred by the prevailing Party up to an amount not to exceed Three Million Dollars ($3,000,000).

ARTICLE 12
INDEMNIFICATION; LIMITATIONS

12.1 **Assumed Obligations**. Without limiting Purchaser's rights to indemnity under this Article 12, **Schedule 7.10**, the Assignment, or any other Transaction Documents, on the Closing Date, Purchaser shall assume and hereby agrees to fulfill, perform, pay, and discharge (or cause to be fulfilled, performed, paid, or discharged) all of the obligations and liabilities of Seller, known or unknown, with respect to the Assets, regardless of whether such obligations or liabilities arose prior to, on, or after the Effective Date, including the following (collectively, the "**Assumed Obligations**"):

(a) all obligations and liabilities arising from or in connection with any production, pipeline, storage, processing, or other imbalance attributable to Hydrocarbons produced from the Properties, whether before, on, or after the Effective Date, including obligations to furnish makeup gas in accordance with the terms of applicable gas sales, gathering, or transportation contracts;

(b) obligations for plugging and abandonment of the Wells and dismantlement, decommissioning, or abandonment of the structures and equipment used with the respect to the Wells;

(c) all Damages and obligations arising from, or relating to, title defects, deficiencies, or other title matters, whether arising or relating to periods of time before, on, or after the Effective Date;

(d) Damages and obligations arising from or relating to environmental matters whether arising before, on or after the Effective Date; and

(e) Tax matters which are the responsibility of Purchaser pursuant to Article 10.

12.2 **Retained Obligations**. Notwithstanding the terms of Section 12.1, the Assumed Obligations shall not include any liabilities, Damages, duties, or obligations to the extent they, without duplication arise from, are based upon, or relate to (collectively, the "**Retained Obligations**"):

(a) the ownership, use or operation of the Excluded Assets;

(b) Seller's own general and administrative and overhead relating to the operation of the Assets, to the extent not chargeable to the joint account under any Assigned Contract;

(c) relate to the accounting for, failure to pay or the incorrect payment of any lease bonus amount for the Leases;

(d) the accounting for, failure to pay or the incorrect payment to any royalty owner, overriding royalty owner, working interest owner or other interest holder under the Leases and Lands and escheat obligations insofar as the same are attributable to periods and Hydrocarbons produced and marketed with respect to the Properties prior to the Effective Date, limited, however, to the payment of amounts past due, and interest thereto, and, without limiting Purchaser's express rights hereunder or under any Transaction Document, excluding the partial or total loss of any interest in an Asset or changes in the terms of any Lease or Unit arising therefrom or relating thereto;

(e) are employment related claims, including under benefit plans;

(f) are in respect of claims for property damage, bodily injury or death arising out of any incident(s) or occurrence(s) prior to the Closing Date in respect of the Assets;

(g) administrative, civil and criminal fines and penalties issued by any Governmental Authority resulting from a violation of applicable Laws, including Environmental Laws, including fines, penalties or other sanctions that occurred or are attributable to events that occurred prior to the Closing Date in respect of the Assets;

(h) relate to any off-site transport or disposal, or arrangement for transport or disposal, of any Hazardous Substances from the Assets prior to the Closing Date;

(i) are any actions, suits or proceedings relating to the Assets actually pending prior to the date hereof, whether or not disclosed under Article 5;

(j) except with respect to those hedges novated pursuant to Section 7.7, with respect to the time periods from and after the Effective Date, which arise out of or result from any hedge contracts or any debt contracts for borrowed money of Sellers or any Affiliate relating to the Assets;

(k) relate to any right of a Person to require Seller to maintain uniformity of ownership in a designated contract area pursuant to a maintenance of uniform interest or similar provision;

(l) relate to minimum volume commitment and any similar obligations, firm transportation obligations and any similar obligations, or any reservation fees or other fees associated with the foregoing;

(m) as to funds actually held by Seller in suspense as of the Effective Date and prior to the Closing, relate to the payment of (or failure to pay) any proceeds from sales of Hydrocarbons relating to the Assets and payable to owners of working interests, royalties, overriding royalties and other similar interests;

(n) are Property Costs required to be borne by Seller under Section 3.3;

(o) arise out of, or are attributable to, Seller Taxes;

(p) are expressly the responsibility of Seller pursuant to Section 7.6; or

(q) are production, pipeline, storage, processing, or other imbalances, overlifts, or under-deliveries owed by Seller as of the Effective Date.

12.3 **Indemnification**.

(a) From and after Closing, Purchaser shall indemnify, defend, and hold harmless Seller and its Affiliates and its and their respective officers, directors, managers, employees, and agents (the "**Seller Group**") from and against all Damages incurred or suffered by Seller Group:

(i) caused by, arising out of, or resulting from, the Assumed Obligations;

(ii) caused by, arising out of, or resulting from, Purchaser's breach of any of Purchaser's covenants or agreements contained in Article 7; or

(iii) caused by, arising out of, or resulting from, any breach of any representation or warranty made by Purchaser contained in Article 6 or in the certificate delivered at Closing pursuant to Section 9.3(d),

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON, and further excepting in each case Damages against which Seller would be required to indemnify Purchaser under Section 12.3(b) at the time the claim notice is presented by Purchaser.

(b) From and after Closing, Seller shall indemnify, defend, and hold harmless Purchaser and its Affiliates and its and their respective officers, directors, employees, and agents ("**Purchaser Group"**) from and against and from all Damages incurred or suffered by Purchaser Group:

(i) caused by or arising out of, or resulting from, the Retained Obligations;

(ii) caused by or arising out of, or resulting from, any breach of a representation or warranty made by Seller in Article 5, or in the certificate delivered by Seller at Closing pursuant to Section 9.2(d);

(iii) caused by, arising out of, or resulting from, Seller's breach of its covenants or agreements contained in Article 7 or Article 10; and

(iv) caused by or arising out of Title Defects with respect to which Purchaser has made the election set forth in Section 4(a)(i) of **Schedule 7.10**.

EVEN IF SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION, BUT EXCLUDING THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON.

(c) Notwithstanding anything to the contrary contained in this Agreement but without limiting Purchaser's rights expressly provided herein or in any Transaction Document, or applicable joint operating agreement, unit operating agreement, or similar operating agreement, from and after Closing, Purchaser's sole and exclusive remedy against Seller with respect to the Retained Obligations and breaches of the representations, warranties, covenants, and agreements of Seller contained in Section 3.3, Article 5, Article 7, and Article 10, and any affirmations of such covenants and agreements contained in the certificates delivered by Seller at Closing pursuant to Section 9.2(d) is set forth in this Section 12.3(b), and if no such right of indemnification is expressly provided, **THEN SUCH CLAIMS ARE HEREBY WAIVED AND RELEASED TO THE FULLEST EXTENT PERMITTED BY LAW**, **EVEN IF CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE (WHETHER JOINT, SOLE, CONCURRENT, OR OTHERWISE) OR OTHER LEGAL FAULT OF ANY MEMBER OF SELLER GROUP, OR THE CONDITION OF THE PREMISES**. Notwithstanding anything to the contrary contained in this Agreement, but without limiting Seller's rights expressly provided herein or in any Transaction Document or applicable joint operating agreement, unit operating agreement, or similar operating agreement, from and after Closing, Seller's sole and exclusive remedy against Purchaser with respect to breaches of the representations, warranties, covenants, and agreements of Purchaser contained in Section 3.3. Article 6, Article 7, and Article 10, and any affirmations of such covenants and agreements contained in the certificates delivered by Purchaser at Closing pursuant to Section 9.3(d) is set forth in Section 12.3(a), and if no such right of indemnification is expressly provided, **THEN SUCH CLAIMS ARE HEREBY WAIVED AND RELEASED TO THE FULLEST EXTENT PERMITTED BY LAW**, **EVEN IF CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE (WHETHER JOINT, SOLE, CONCURRENT, OR OTHERWISE) OR OTHER LEGAL FAULT OF ANY MEMBER OF SELLER GROUP, OR THE CONDITION OF THE PREMISES**.

(d) Except for the remedies contained in this Section 12.3 and any other remedies available to Purchaser at law or in equity for breaches of this Agreement not waived pursuant to Section 12.3(c), upon Closing, Purchaser releases, remises, and forever discharges the other and its and their respective Affiliates and all such Persons' shareholders, officers, directors, employees, agents, advisors, and representatives from any and all suits, legal or administrative proceedings, claims, demands, Damages, losses, costs, liabilities, interest, or causes of action whatsoever, in law or in equity, known or unknown, which such Parties might now or subsequently may have, based on, relating to, or arising out of this Agreement or Seller's ownership, use, or operation of the Assets, or the condition, quality, status, or nature of the Assets, **WITH RESPECT TO RIGHTS TO CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE OIL POLLUTION ACT OF 1990, AS AMENDED, BREACHES OF STATUTORY AND IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, ANY RIGHTS UNDER INSURANCE POLICIES ISSUED OR UNDERWRITTEN BY THE OTHER PARTY OR ANY OF ITS AFFILIATES, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY RELEASED PERSON INVITEE, OR THIRD PERSON, AND WHETHER OR NOT CAUSED BY A PRE-EXISTING CONDITION**.

(e) The Parties shall treat, for Tax purposes, any amounts paid pursuant to this Article 12 as an adjustment to the Purchase Price.

12.4 **Indemnification Actions**. All claims for indemnification under Section 12.3 shall be asserted and resolved as follows:

(a) For purposes of this Article 12, the term "**Indemnifying Person**" when used in connection with particular Damages shall mean the Person having an obligation to indemnify another Person or Persons with respect to such Damages pursuant to this Article 12, and the term "**Indemnified Person**" when used in connection with particular Damages shall mean a Person having the right to be indemnified with respect to such Damages pursuant to this Article 12 (including, for the avoidance of doubt, those Persons identified in Section 12.4(g)).

(b) To make a claim for indemnification under Section 12.3, an Indemnified Person shall notify the Indemnifying Person of its claim, including the reasonable details of and basis under this Agreement for its claim (the "**Claim Notice**"). In the event that the claim for indemnification is based upon a claim by a Third Person against the Indemnified Person (a "**Third Party Claim**"), the Indemnified Person shall provide its Claim Notice promptly after the Indemnified Person has actual knowledge of the Third Party Claim and shall enclose a copy of all papers (if any) served with respect to the Third Party Claim; provided that the failure of any Indemnified Person to give notice of a Third Party Claim as provided in this Section 12.4 shall not relieve the Indemnifying Person of its obligations under Section 12.3, except to the extent such failure results in insufficient time being available to permit the Indemnifying Person to effectively defend against the Third Party Claim or otherwise materially prejudices the Indemnifying Person's ability to defend against the Third Party Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant, or agreement, the Claim Notice shall specify the representation, warranty, covenant, or agreement that was inaccurate or breached.

(c) In the case of a claim for indemnification based upon a Third Party Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to notify the Indemnified Person whether it admits or denies its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period regarding whether the Indemnifying Person admits or denies its obligation to defend the Indemnified Person, it shall be conclusively deemed obligated to provide such indemnification hereunder. The Indemnified Person is authorized, prior to and during such thirty (30) day period, to file any motion, answer, or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Person and that is not prejudicial to the Indemnifying Person.

(d) If the Indemnifying Person admits its obligation, it shall have the right and obligation to diligently prosecute and control the defense, at its sole cost and expense, the Third Party Claim. The Indemnifying Person shall have full control of such defense and proceedings, including any compromise or settlement thereof unless the compromise or settlement includes the payment of any amount by, the performance of any obligation by, or the limitation or waiver of any right of benefit of, the Indemnified Person, in which event such settlement or compromise shall not be effective without the consent of the Indemnified Person. If requested by the Indemnifying Person, the Indemnified Person agrees to cooperate in contesting any Third Party Claim which the Indemnifying Person elects to contest (provided, however, that the Indemnified Person shall not be required to bring any counterclaim or cross-complaint against any Person). The Indemnified Person may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Person pursuant to this Section 12.4(d). An Indemnifying Person shall not, without the written consent of the Indemnified Person, settle any Third Party Claim or consent to the entry of any judgment with respect thereto that (i) does not result in a final, non-appealable, resolution of the Indemnified Person's liability with respect to the Third Party Claim (including, in the case of a settlement, an unconditional written release of the Indemnified Person from all further liability in respect of such Third Party Claim) or (ii) in the reasonable judgment of the Indemnified Person, may adversely affect the Indemnified Person (other than as a result of money damages covered by the indemnity). If the Indemnifying Person does not admit its obligation or admits its obligation but fails to diligently defend or settle the Third Party Claim, then the Indemnified Person shall have the right to defend against the Third Party Claim (at the sole cost and expense of the Indemnifying Person, if the Indemnified Person is entitled to indemnification hereunder), with counsel of the Indemnified Person's choosing, subject to the right of the Indemnifying Person to admit its obligation to indemnify the Indemnified Person and assume the defense of the Third Party Claim at any time prior to settlement or final, non-appealable determination thereof. If the Indemnifying Person has not yet admitted its obligation to indemnify the Indemnified Person, the Indemnified Person shall send written notice to the Indemnifying Person of any proposed settlement and the Indemnifying Person shall have the option for ten (10) days following receipt of such notice to (i) admit in writing its obligation for indemnification with respect to such Third Party Claim and (ii) if its obligation is so admitted, assume the defense of the Third Party Claim, including the power to reject the proposed settlement. If the Indemnified Person settles any Third Party Claim over the objection of the Indemnifying Person after the Indemnifying Person has timely admitted its obligation for indemnification in writing and assumed the defense of the Third Party Claim, the Indemnified Person shall be deemed to have waived any right to indemnity therefor.

(e) If a Party would be required to defend a Third Party Claim as provided in this Section 12.4, which Third Party Claim is unliquidated in amount, but for the assertion that the other Party would not be entitled to indemnification for any Damages incurred or suffered by such Party due solely to the limitations set forth in Section 12.6(c) with respect to the amount of such Third Party Claim, such Party shall nevertheless have the right and obligation to defend against such Third Party Claim as set forth in Section 12.4(c), subject to the indemnification obligations of such Party set forth in this Article 12; provided, however, that if, upon final, non-appealable liquidation of the amount of such Third Party Claim, the Party defending such Third Party Claim pursuant to this Section 12.4(e) would not have had the obligation to defend such Third Party Claim under Section 12.6(c) due solely to the limitations set forth in Section 12.6(c) with respect to the amount of such Third Party Claim, the Party defending such Third Party Claim shall be entitled to reimbursement of all reasonable and documented costs and expenses incurred with respect to the defense of such Third Party Claim.

(f) In the case of a claim for indemnification not based upon a Third Party Claim, the Indemnifying Person shall have thirty (30) days from its receipt of the Claim Notice to (i) cure the Damages complained of, (ii) admit its obligation to provide indemnification with respect to such Damages, or (iii) dispute the claim for such Damages. If the Indemnifying Person does not notify the Indemnified Person within such thirty (30) day period that it has cured the Damages or that it disputes the claim for such Damages, the Indemnifying Person shall be conclusively deemed obligated to provide indemnification hereunder.

(g) Any claim for indemnity under Section 12.3 by any Affiliate, director, officer, employee or agent must be brought and administered by the applicable Party to this Agreement. No Indemnified Person other than Seller and Purchaser shall have any rights against Seller or Purchaser under the terms of Section 12.3 except as may be exercised on its behalf by Purchaser or Seller, as applicable, pursuant to this Section 12.4(g). The Parties may elect to exercise or not exercise indemnification rights under this Section 12.4 on behalf of the other Indemnified Persons affiliated with it in its sole discretion and shall have no liability to any such other Indemnified Person for any action or inaction under this Section 12.4.

12.5 **Casualty and Condemnation**. If, after the date of this Agreement but prior to Closing Date, any portion of the Assets is destroyed by fire or other casualty or is expropriated or taken in condemnation or under right of eminent domain (excluding, however, any changes in Laws or delays in issuing, the failure of any Governmental Authority to issue, or any change in requirements with respect to, or conditions imposed with respect to, the issuance of, any licenses, permits, easements, or approvals, and increased costs relating to the foregoing, including any ban, or the imposition of any requirements or processes (including any programmatic or specific environmental impact statement or other assessment) with respect to, hydraulic fracturing) (a "**Casualty Loss**"), this Agreement shall remain in full force and effect, and Purchaser shall nevertheless be required to close. In the event that the amount of the costs and expenses associated with repairing or restoring the Assets affected by such Casualty Loss exceeds One Hundred Thousand Dollars ($100,000) at Purchaser's election prior to or at the Closing, Seller shall (a) cause the Assets affected by any Casualty Loss to be repaired or restored, at Seller's sole cost, as promptly as reasonably practicable (which work may extend after the Closing Date), or (b) indemnify Purchaser through a document reasonably acceptable to Seller and Purchaser against any costs or expenses that Purchaser reasonably incurs to repair or restore the Assets subject to such Casualty Loss. In each case upon such restoration, Seller shall retain all rights to insurance and other claims against Third Persons with respect to the casualty or taking except to the extent the Parties otherwise agree in writing.

12.6 **Limitation on Actions**.

(a) The (i) representations and warranties of Seller in Article 5, excluding (A) the representations and warranties in Sections 5.1, 5.9, and 5.10 (the "**Fundamental Representations**") and (B) the representations and warranties of Seller in Sections 5.3, and (ii) covenants and agreements of Seller in Sections 7.2 and 7.4, and any affirmations of such representations, warranties, covenants, and agreements in the certificate delivered at Closing pursuant to Section 9.2(d), shall survive the Closing for twelve (12) months. The representations and warranties of Seller in Section 5.3 and any affirmations of such representations and warranties in the certificate delivered at Closing pursuant to Section 9.2(d), shall survive Closing until a date that is sixty (60) days after the expiration of the applicable statute of limitations. The representations and warranties of Seller in Section 5.13 and any affirmations of such representations and warranties in the certificate delivered at Closing pursuant to Section 9.2(d) shall survive Closing for four (4) years. The covenants of the Parties in Article 7 to be performed after Closing shall survive Closing in accordance with their terms. The Fundamental Representations, the representations and warranties of Purchaser in Article 6, and the other covenants and agreements of the Parties in Article 7, and any affirmations of such representations, warranties, covenants, and agreements in the certificates delivered at Closing pursuant to Sections 9.2(d) and 9.3(d), as applicable, shall survive the Closing for the applicable statute of limitations period. The remainder of this Agreement shall survive the Closing without time limit, except as may otherwise be expressly provided herein. Representations, warranties, covenants, and agreements shall be of no further force and effect after the date of their expiration, provided that there shall be no termination of any bona fide claim asserted pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to its expiration date.

(b) The indemnities in Sections 12.3(a)(ii), 12.3(a)(iii), 12.3(b)(ii), and 12.3(b)(iii) shall terminate as of the termination date of each respective representation, warranty, covenant, or agreement that is subject to indemnification, except in each case as to matters for which a specific written claim for indemnity has been delivered to the Indemnifying Person on or before such termination date. The indemnity in Section 12.3(b)(i) shall survive the Closing without time limit. The indemnity in Section 12.3(b)(iv) shall survive the Closing for four (4) years. The indemnities in Section 12.3(a) and any indemnity given pursuant to Section 12.5 shall survive the Closing without time limit.

(c)

(i) Seller shall not have any liability for any indemnification (A) under Section 12.3(b)(ii) (other than liabilities that arises out of or is attributable to a breach of the representations and warranties in Sections 5.8 and 5.13) for an individual matter until and unless the amount of the liability for Damages with respect to which Seller admits (or it is otherwise finally determined that Seller has) an obligation to indemnify Purchaser Group pursuant to the terms of Section 12.3(b)(ii) exceeds One Hundred Thousand Dollars ($100,000), (B) under Section 12.3(b)(ii) that arises out of or is attributable to a breach of the representations and warranties in Section 5.13 for an individual matter until and unless the amount of the liability for Damages with respect to which Seller admits (or it is otherwise finally determined that Seller has) an obligation to indemnify Purchaser Group pursuant to the terms of Section 12.3(b)(ii) exceeds Fifty Thousand Dollars ($50,000) or (C) under Section 12.3(b)(iv) for an individual matter until and unless the amount of the liability for Damages with respect to which Seller admits (or it is otherwise finally determined that Seller has) an obligation to indemnify Purchaser Group pursuant to the terms of Section 12.3(b)(iv) exceeds Fifty Thousand Dollars ($50,000) (in each case, as applicable, the "**Individual Indemnity Threshold**").

(ii) Without limiting the foregoing, (A) Seller shall not have any liability for any indemnification under Section 12.3(b)(ii) that arises out of or is attributable to a breach of the representations and warranties in Sections 5.8 and 5.13 until and unless the aggregate amount of (u) the liability for all Damages arising out of or is attributable to a breach of the representations and warranties in Section 5.13, individually, exceeds the Individual Indemnity Threshold, and (v) such Damages described in clause (u) above plus all Damages arising out of or is attributable to breaches of the representations and warranties in Section 5.8, exceeds one percent (1%) of the Unadjusted Purchase Price, and then only to the extent that such Damages exceed one percent (1%) of the Unadjusted Purchase Price, (B) Seller shall not have any liability for any indemnification under Section 12.3(b)(ii) that arises out of or is attributable to a breach of the representations and warranties in Article 5 (other than Sections 5.8 and 5.13) until and unless the aggregate amount of (x) the liability for all Damages arising therefrom which, individually, exceeds the Individual Indemnity Threshold, and (y) such Damages described in clause (x) above, exceeds one percent (1%) of the Unadjusted Purchase Price, and then only to the extent that such Damages exceed one percent (1%) of the Unadjusted Purchase Price, and (C) Seller shall not have any liability for any indemnification under Section 12.3(b)(iv) until and unless the aggregate amount of (aa) the liability for all Damages arising therefrom which, individually, exceeds the Individual Indemnity Threshold, and (bb) such Damages described in clause (aa) above plus all Title Defect Amounts that would generate an adjustment pursuant to **Schedule 7.10**, exceeds two percent (2%) of the Unadjusted Purchase Price, and then only to the extent that such Damages exceed two percent (2%) of the Unadjusted Purchase Price.

(iii) Notwithstanding anything to the contrary contained elsewhere in this Agreement, (i) this Section 12.6(c) shall not apply to any liability for any indemnification under Section 12.3(b) that arises out of, or is attributable to, (A) Seller Taxes, (B) breach of the covenants and agreements of Seller in Article 10, and (C) breach of the representations and warranties of Seller in Section 5.3 and the Fundamental Representations and (ii) the Individual Indemnity Threshold shall not apply to any liability for any indemnification under Section 12.3(b) that arise out of or is attributable to a breach of the representations and warranties in Section 5.8.

(d) Notwithstanding anything to the contrary contained elsewhere in this Agreement, (i) Seller shall not be required to indemnify Purchaser under Sections 12.3(b)(ii) for aggregate Damages in respect of Seller's indemnity obligations (other than with respect to breaches of the Fundamental Representations, or the representations and warranties in Sections 5.3, 5.8, and 5.13, or the covenants and agreements of Seller in Article 10) in excess of twenty percent (20%) of the Unadjusted Purchase Price; (ii) other than with respect to liabilities relating to Retained Obligations, Seller's aggregate liability to Purchaser Group under this Agreement and with respect to the transactions contemplated hereby shall in no event exceed one hundred percent (100%) of the Unadjusted Purchase Price; and (iii) any indemnification obligations of Seller arising out of Section 12.3(b)(ii) relating to a breach of Section 5.13 shall be limited to Third Party Claims against Purchaser (or Seller, in its role as operator under any joint operating agreement to which Purchaser is or becomes a party), in each case, to the extent not arising out of the action of or on behalf of, Purchaser, or any of its Affiliates.

(e) The amount of any Damages for which an Indemnified Person is entitled to indemnity under this Article 12 shall be reduced by the amount of insurance proceeds actually realized by the Indemnified Person or its Affiliates with respect to such Damages and if Purchaser or its Affiliate obtains, or is covered by, a representation and warranty, warranty and indemnity, or similar policy of insurance or indemnity covering, in whole or in part, Seller's representations and warranties hereunder (or in the certificate to be delivered by Seller at Closing pursuant to Section 9.2(d), such policy, and the proceeds thereof, shall be primary to, and shall offset, Seller's obligations hereunder.

(f) Notwithstanding anything to the contrary in this Agreement, Seller shall not have any obligation or liability under this Agreement or in connection with or with respect to the transactions contemplated by this Agreement for any breach, misrepresentation, or noncompliance with respect to any representation, warranty, covenant, indemnity, or obligation (i) if such breach, misrepresentation, or noncompliance shall have been waived by Purchaser; or (ii) if Purchaser had knowledge of the relevant facts at or before execution of this Agreement.

(g) As used in this Agreement, the term "**Damages**" means the amount of any actual liability, loss, cost, expense, claim, award, or judgment incurred or suffered by any Person, whether attributable to personal injury or death, property damage, contract claims, torts, or otherwise, including reasonable fees and expenses of attorneys, consultants, accountants, or other agents and experts reasonably incident to matters indemnified against, and the costs of investigation and/or monitoring of such matters, and the costs of enforcement of the indemnity; provided, however, that Damages shall be reduced by any amounts (net of costs of recovery) that are actually recovered by the Indemnified Person or any of its Affiliates from any insurance policy or any indemnification, contribution, or similar obligations with respect to such Damages. Notwithstanding the foregoing, neither Purchaser nor Seller shall be entitled to indemnification under this Article 12 for, and Damages shall not include, (i) such damages waived under Section 13.14, and (ii) any increase in liability, loss, cost, expense, claim, award or judgment to the extent such increase is caused by the actions of any Indemnified Person after the Closing Date.

(h) With respect to the payment, indemnification, defense and hold harmless obligations under Section 12.3(b)(ii), for purposes of calculating any Damages resulting from any breach of a representation or warranty contained in this Agreement (but not for purposes of determining whether a representation or warranty contained in this Agreement has been breached), all references to material, material adverse effect, or other similar materiality qualifications contained in such representation or warranty shall be disregarded.

(i) Notwithstanding the fact that any Person may have the right to assert claims for indemnification under in respect of more than one provision of this Agreement, any Transaction Document or otherwise in respect of any fact, event, condition, or circumstance, such Person shall not be entitled to receive duplicative payment in respect of the same right to recover.

ARTICLE 13
MISCELLANEOUS

13.1 **Counterparts**. This Agreement may be executed and delivered (including by facsimile or email transmission) in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

13.2 **Notices**. All notices that are required or may be given pursuant to this Agreement shall be sufficient in all respects if given in writing, in English and delivered personally, by telecopy, by e-mail, or by recognized courier service, provided that in the case of notices to Purchaser, to the extent such notice is delivered by e-mail, such notice shall also be followed by a mail copy to the addresses provided in **Schedule 13.2** which such mail delivery shall not affect the sufficiency of notice provided by such initial e-mail notice, as follows:

If to Seller:

Laredo Petroleum, Inc.
15 W. Sixth Street
Suite 900
Tulsa, OK 74119
Attention: Mark D. Denny, Senior Vice President – General Counsel & Secretary
E-mail: mdenny@laredopetro.com

If to Purchaser, as set forth on **Schedule 13.2**.

Either Party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed, or upon written confirmation of receipt or, with respect to e-mail notifications, a manual confirmation of receipt, which the recipient shall be obligated to promptly give.

13.3 **Expenses**. Except as provided in Sections 7.5, 7.7, and 12.4, all expenses incurred by Seller in connection with or related to the authorization, preparation or execution of this Agreement, and the Exhibits and Schedules hereto and thereto, and all other matters related to the Closing, including, all fees and expenses of counsel, accountants, and financial advisers employed by Seller, shall be borne solely and entirely by Seller, and all such expenses incurred by Purchaser shall be borne solely and entirely by Purchaser.

13.4 **Records**.

(a) As soon as practicable, but in no event later than sixty (60) days after the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the original Records that are in the possession of Seller or its Affiliates, subject to Section 13.4(b).

(b) Seller may retain the originals of those Records relating to Asset Tax and accounting matters and provide Purchaser, at its request, with copies of such Records other than Records that pertain to Income Tax matters. Seller may retain copies of any other Records.

(c) Purchaser, for a period of seven (7) years after the Closing shall: (i) retain the Records and (ii) provide Seller, its Affiliates, and their respective officers, employees, and representatives with reasonable access to the Records during normal business hours for review and copying at Seller's sole expense.

13.5 **Governing Law**. This Agreement and the legal relations between the Parties shall be governed by and construed in accordance with the Laws of the State of Texas, without regard to principles of conflicts of Laws that would direct the application of the Laws of another jurisdiction.

13.6 **Dispute Resolution**. Each Party consents to personal jurisdiction in any action brought in the United States federal courts located in Harris County within the State of Texas with respect to any dispute, claim, or controversy arising out of, in relation to, or in connection with, this Agreement, and each of the Parties agrees that any action instituted by it against the other with respect to any such dispute, controversy, or claim (except to the extent a dispute, controversy, or claim arising out of, in relation to, or in connection with the determination of Purchase Price adjustments pursuant to Section 9.4(b) is referred to an expert pursuant to those Sections) will be instituted exclusively in the United States District Court for the Southern District of Texas, Houston Division. Each Party (a) irrevocably submits to the exclusive jurisdiction of such courts, (b) waives any objection to laying venue in any such action or proceeding in such courts, and (c) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over it. The foregoing consents to jurisdiction and service of process shall not constitute general consents to service of process in the State of Texas for any purpose except as provided herein and shall not be deemed to confer any rights on any Person other than the Parties to this Agreement. The Parties hereby waive trial by jury in any action, proceeding, or counterclaim brought by any Party against another in any matter whatsoever arising out of, in relation to, or in connection with, this Agreement.

13.7 **Waivers**. Any failure by any Party to comply with any of its obligations, agreements, or conditions herein contained may be waived by the Party to whom such compliance is owed by an instrument signed by the Party to whom compliance is owed and expressly identified as a waiver, but not in any other manner. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

13.8 **Assignment**. No Party shall assign (including by change of control, merger, divisive merger, consolidation, or stock purchase) or otherwise transfer all or any part of this Agreement to any Third Person, nor shall any Party delegate any of its rights or duties hereunder (including by change of control, merger, consolidation, or stock purchase) to any Third Person, without the prior written consent of the other Party and any transfer or delegation made without such consent shall be void. Subject to the foregoing, this Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns. Notwithstanding the foregoing, Purchaser shall have the right to assign this Agreement (in whole or in part) and any or all of its rights or obligations under this Agreement to one or more of its Affiliates; provided, however, (a) no assignment shall relieve the assigning Party of any of its obligations hereunder, (b) each such Affiliate assignee must be and remain an Affiliate of Purchaser, and (c) no such assignment shall have an adverse effect on Seller's ability to comply with Section 7.7.

13.9 **Entire Agreement**. The Confidentiality Agreement, this Agreement, and the documents to be executed hereunder and the Exhibits and Schedules attached hereto constitute the entire agreement among the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof.

13.10 **Amendment**. This Agreement may be amended or modified only by an agreement in writing signed by Seller and Purchaser and expressly identified as an amendment or modification.

13.11 **No Third-Person Beneficiaries**. Nothing in this Agreement shall entitle any Person other than Purchaser and Seller to any claim, cause of action, remedy or right of any kind, except the rights expressly provided to the Persons described in Section 12.4(g).

13.12 **Severability**. If any provision of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law, this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and, to the extent such provision cannot be so reformed, then such provision (or the invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining provisions contained herein (and any other application of such provision) shall not in any way be affected or impaired thereby.

13.13 **Construction**. Purchaser is capable of making such investigation, inspection, review and evaluation of the Assets as a prudent purchaser would deem appropriate under the circumstances, including with respect to all matters relating to the Assets, their value, operation, and suitability. Seller and Purchaser have had the opportunity to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby. This Agreement is the result of arm's-length negotiations from equal bargaining positions. It is expressly agreed that this Agreement shall not be construed against any Party, and no consideration shall be given or presumption made, on the basis of who drafted this Agreement or any particular provision hereof.

13.14 **Limitation on Damages**. Notwithstanding anything to the contrary contained herein, neither Purchaser nor Seller, nor any of their respective Affiliates shall be entitled to special, indirect, exemplary, or punitive damages, lost profits (to the extent not constituting direct damages) or loss of business opportunity (to the extent not constituting direct damages) in connection with this Agreement and the transactions contemplated hereby (other than special, indirect, exemplary, or punitive damages or lost profits (to the extent not constituting direct damages) or loss of business opportunity (to the extent not constituting direct damages) suffered by Third Persons for which responsibility is allocated between the Parties) and Purchaser and Seller, each for itself and on behalf of their respective Affiliates, hereby expressly waive any right to special, indirect, exemplary, or punitive damages or lost profits (to the extent not constituting direct damages) or loss of business opportunity (to the extent not constituting direct damages) in connection with this Agreement and the transactions contemplated hereby (other than special, indirect, exemplary, or punitive damages or lost profits (to the extent not constituting direct damages) or loss of business opportunity (to the extent not constituting direct damages) suffered by Third Persons for which responsibility is allocated between the Parties); provided, however, that (a) the Parties agree, acknowledge, and stipulate that any amounts recoverable by Seller pursuant to Section 11.3(a) are deemed for purposes of this Agreement and the transactions contemplated hereby to be direct, actual damages, and shall not be considered special, indirect, exemplary, or punitive damages or lost profits or loss of business opportunity and (b) for the avoidance of doubt, this Section 13.14 does not restrict or otherwise impact any amounts properly charged or billed by Seller to Purchaser under and in accordance with the Operating Agreement or any Assigned Contracts.

13.15 **No Recourse**. This Agreement may only be enforced against, and any claim, dispute, cause of action, suit or other proceeding that may be based upon, arise out of or relate to this Agreement (but not, for the avoidance of doubt, the other Transaction Documents), or the negotiation, execution or performance of this Agreement (but not, for the avoidance of doubt, the other Transaction Documents) may only be made against the Persons that are expressly identified as parties hereto, and no other Person, including any current, former or future Affiliate, director, officer, employee, incorporator, member, manager, director, partner, investor, shareholder, agent, advisor or representative of any party to this Agreement, or any Affiliate or related Person thereof or any current, former, or future director, officer, employee, incorporator, member, manager, director, partner, investor, shareholder, agent, advisor, representative, related Person, or successor or assign of any of the foregoing (each, a "**Non-Recourse Person**") shall have any liability for any obligations or liabilities of the parties to this Agreement or for any claim, dispute, cause of action, suit or other proceeding (whether in tort, contract or otherwise) based on, in respect of, or by reason of the terms of this Agreement, the transactions contemplated hereby (but not, for the avoidance of doubt, the other Transaction Documents, or the transactions contemplated thereby) or in respect of any oral representations made or alleged to be made in connection herewith, and no personal liability shall attach to any Non-Recourse Person, whether by or through attempted piercing of the corporate veil, by or through a claim, dispute, cause of action, suit or other proceeding (whether in tort, contract or otherwise) by or on behalf of any Party against any Non-Recourse Person, by the enforcement of any judgement, fine or penalty or by the virtue of any statute, regulation, applicable Law or otherwise.

13.16 **Termination of Confidentiality Agreement**. Upon the occurrence of the Closing, the parties mutually agree that the Confidentiality Agreement shall be terminated and shall no longer be of any force or effect.

13.17 **Expense Reimbursement**. If the Sabalo Purchase Agreement terminates (except in the event that Seller is entitled to remedies under Section 11.3(a), and Purchaser has willfully failed to proceed to Closing), then Seller shall reimburse Purchaser's reasonable, documented out-of-pocket costs incurred in connection with the negotiation, due diligence and otherwise in connection with the consummation of the Transaction Documents, including attorneys' fees, consultant's fees, abstract costs, and similar costs, not to exceed, in the aggregate One Million Dollars ($1,000,000).

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IN WITNESS WHEREOF, this Agreement has been signed by each of the Parties as of the date first above written.

SELLER:

LAREDO PETROLEUM, INC.

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Senior Vice President and Chief Financial Officer

PURCHASER:

PIPER INVESTMENTS HOLDINGS, LLC

By: /s/ Joshua Peck
Name: Joshua Peck
Title: Vice President

Exhibit 10.1

Execution Version

SIXTH AMENDMENT

to

FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

among

LAREDO PETROLEUM, INC.,
as Borrower,

WELLS FARGO BANK, N.A.,
as Administrative Agent,

the Guarantors Signatory Hereto,

and

the Banks Signatory Hereto

SIXTH AMENDMENT TO
FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

This Sixth Amendment to Fifth Amended and Restated Credit Agreement (this "Sixth Amendment"), dated as of May 7, 2021 (the "Sixth Amendment Effective Date"), is among Laredo Petroleum, Inc., a corporation formed under the laws of the State of Delaware ("Borrower"); each of the undersigned guarantors (the "Guarantors", and together with Borrower, the "Credit Parties"); each of the Banks party hereto; and Wells Fargo Bank, N.A., as administrative agent for the Banks (in such capacity, together with its successors, "Administrative Agent").

Recitals

A. Borrower, Administrative Agent and the Banks are parties to that certain Fifth Amended and Restated Credit Agreement dated as of May 2, 2017 (as amended prior to the date hereof, the "Credit Agreement"), pursuant to which the Banks have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of Borrower.

B. Borrower has advised Administrative Agent and the Banks that Borrower has entered into that certain Purchase and Sale Agreement dated as of May 7, 2021 (without giving effect to any subsequent amendment or modification thereto, the "Legacy Asset Disposition Agreement") between Borrower, as "Seller", and Piper Investments Holdings, LLC, a Delaware limited liability company, as "Purchaser", pursuant to which Borrower will assign or novate the "Assets" and the "Hedges" (each as defined in the Legacy Asset Disposition Agreement as in effect on the Sixth Amendment Effective Date; such assets herein referred to as the "Legacy Assets" and the disposition under the Legacy Asset Disposition Agreement, the "Legacy Asset Disposition") the proceeds of which are intended to be used by Borrower to partially fund a substantially contemporaneously Acquisition by Borrower of the Sabalo Assets (as defined below).

C. Borrower has further advised Administrative Agent and the Banks that Borrower has entered into that certain Purchase and Sale Agreement dated as of May 7, 2021 (without giving effect to any subsequent amendment or modification thereto, the "Sabalo Acquisition Agreement") between Borrower, as "Purchaser", and Sabalo Energy, LLC, a Texas limited liability company and Sabalo Operating, LLC, a Texas limited liability company, collectively, as "Seller", pursuant to which Borrower will acquire the "Assets" (as defined in the Sabalo Acquisition Agreement as in effect on the Sixth Amendment Effective Date; such assets herein referred to as the "Sabalo Assets", and the acquisition under the Sabalo Acquisition Agreement, the "Sabalo Acquisition").

D. The parties hereto desire to enter into this Sixth Amendment to, among other things, (i) amend the Credit Agreement as set forth in Section 2 hereof and (ii) evidence the reaffirmation of the Borrowing Base at $725,000,000 as set forth in Section 3 hereof, in each case, as set forth herein and to be effective as of the Sixth Amendment Effective Date.

E. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term which is defined in the Credit Agreement, but which is not defined in this Sixth Amendment, shall have the meaning ascribed to such term in the Credit Agreement (as amended hereby). Unless otherwise indicated, all section references in this Sixth Amendment refer to the Credit Agreement.

Section 2. Amendments to Credit Agreement. In reliance on the representations, warranties, covenants and agreements contained in this Sixth Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 5 hereof, effective as of the Sixth Amendment Effective Date, the Credit Agreement shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement attached as Annex A hereto.

Section 3. Borrowing Base. In reliance on the covenants and agreements contained in this Sixth Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 5 hereof, the Banks hereby agree that the Borrowing Base shall be, effective as of the Sixth Amendment Effective Date, reaffirmed at $725,000,000, and the Borrowing Base shall remain at $725,000,000 until the next Determination thereafter. Borrower and the Banks agree that the Determination provided for in this Section 3 will constitute the Periodic Determination scheduled for May 1, 2021 (or such date promptly thereafter as reasonably possible) for the purposes of the Credit Agreement and shall not be construed or deemed to be a Special Determination for purposes of the Credit Agreement. For the avoidance of doubt, the parties hereto acknowledge that (i) the Hedges were not incorporated by the Lenders into their Determination of the Borrowing Base provided for in this Section 3 and (ii) if any Credit Party continues to be a party to any Hedges on the effective date of any future Determination (other than the Special Determination set forth in Section 4 below), the Lenders may incorporate any such remaining Hedges into such Determination of the Borrowing Base at such time.

Section 4. Request for Special Redetermination. Borrower hereby requests (a) a Special Determination pursuant to the second sentence of Section 4.3 of the Credit Agreement, and (b) in connection therewith, that the Banks reaffirm the Borrowing Base at $725,000,000. This Sixth Amendment shall constitute written notice of such request to the Banks and, as part of such request, the Borrower has provided a Reserve Report with respect to the Borrower's existing Borrowing Base Properties (other than the Legacy Assets) and an additional reserve report with respect to the Sabalo Assets, in each case, prepared as of a date not more than 30 days prior to the Sixth Amendment Effective Date. The Banks party hereto, constituting Super Majority Banks, and the Borrower hereby agree that (i) effective immediately prior to the substantially contemporaneous consummation of the Legacy Asset Disposition and the Sabalo Acquisition to the extent permitted by the terms of the Credit Agreement (after giving effect to the Sixth Amendment), the Borrowing Base shall be reaffirmed at $725,000,000 on the Sabalo Acquisition Closing Date, and the Borrowing Base shall remain at $725,000,000 until the next Determination thereafter and (ii) for purposes of the Special Determination of the Borrowing Base provided for in this Section 4, (A) the Mineral Interests evaluated by the Banks shall consist of the Mineral Interests owned by the Borrower and its Subsidiaries (excluding the Legacy Assets) and the Sabalo Assets and (B) the Oil and Gas Hedge Transactions evaluated by the Banks shall consist of the Oil and Gas Hedge Transactions owned by the Borrower and its Subsidiaries (excluding the Hedges); provided that this Section 4 shall have no force and effect if any Determination or other adjustment to the Borrowing Base has occurred after the Sixth Amendment Effective Date and prior to the Sabalo Acquisition Closing Date.

Section 5. Conditions Precedent. The effectiveness of this Sixth Amendment is subject to the following:

5.1 Administrative Agent shall have received counterparts of this Sixth Amendment from the Credit Parties and the Super Majority Banks.

5.2 Administrative Agent shall have received all fees, including fees received on behalf of, and delivered to, the Lenders, due and payable on or prior to the Sixth Amendment Effective Date pursuant to the Fee Letter dated as of the Sixth Amendment Effective Date among Borrower, Wells Fargo Bank, N.A. and Wells Fargo Securities, LLC.

5.3 Administrative Agent shall have received a certificate from an Authorized Officer of Borrower: (a) attaching a true, accurate and complete copy of the Legacy Asset Disposition Agreement (including all exhibits, schedules and attachments thereto) (b) attaching a true, accurate and complete copy of the Sabalo Acquisition Agreement (including all exhibits, schedules and attachments thereto) and (c) attaching such other documents and other information as may be reasonably requested by the Administrative Agent or its counsel in connection with the Legacy Asset Disposition, the Sabalo Acquisition and this Sixth Amendment.

Section 6. Representations and Warranties; Etc. Each Credit Party hereby affirms: (a) that as of the date hereof, all of the representations and warranties contained in each Loan Paper to which such Credit Party is a party are true and correct in all material respects as though made on and as of the date hereof except (i) to the extent any such representation and warranty is expressly made as of a specific earlier date, in which case, such representation and warranty was true as of such date and (ii) to the extent that any such representation and warranty is expressly qualified by materiality or by reference to Material Adverse Effect, such representation and warranty (as so qualified) is true and correct in all respects, (b) no Default or Event of Default exist under the Loan Papers or will, after giving effect to this Sixth Amendment, exist under the Loan Papers and (c) no Material Adverse Change has occurred.

Section 7. Miscellaneous.

7.1 Confirmation and Effect. The provisions of the Credit Agreement (as amended by this Sixth Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this Sixth Amendment. Each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof', "herein", or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

7.2 Ratification and Affirmation of Credit Parties. Each of the Credit Parties hereby expressly (a) acknowledges the terms of this Sixth Amendment, (b) ratifies and affirms its obligations under the Facility Guaranty and the other Loan Papers to which it is a party, (c) acknowledges, renews and extends its continued liability under the Facility Guaranty and the other Loan Papers to which it is a party (in each case, as amended hereby), (d) agrees that its guarantee under the Facility Guaranty and the other Loan Papers (in each case, as amended hereby) to which it is a party remains in full force and effect with respect to the Obligations, as amended hereby, (e) represents and warrants that (i) the execution, delivery and performance of this Sixth Amendment has been duly authorized by all necessary corporate or company action of the Credit Parties, (ii) this Sixth Amendment constitutes a valid and binding agreement of the Credit Parties, and (iii) this Sixth Amendment is enforceable against each Credit Party in accordance with its terms except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar Laws affecting creditors' rights generally, and (B) the availability of equitable remedies may be limited by equitable principles of general applicability, and (f) acknowledges and confirms that the amendments contemplated hereby shall not limit or impair any Liens securing the Obligations, each of which are hereby ratified, affirmed and extended to secure the Obligations after giving effect to this Sixth Amendment.

7.3 Counterparts. This Sixth Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Sixth Amendment by facsimile or electronic (e.g. pdf) transmission shall be effective as delivery of a manually executed original counterpart hereof.

7.4 No Oral Agreement. This written Sixth Amendment, the Credit Agreement and the other Loan Papers executed in connection herewith and therewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements between the parties.

7.5 Governing Law. This Sixth Amendment (including, but not limited to, the validity and enforceability hereof) shall be governed by, and construed in accordance with, the laws of the State of New York.

7.6 Payment of Expenses. Borrower agrees to pay or reimburse Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Sixth Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to Administrative Agent.

7.7 Severability. Any provision of this Sixth Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.8 Successors and Assigns. This Sixth Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7.9 Loan Paper. This Sixth Amendment shall constitute a “Loan Paper” for all purposes under the other Loan Papers.

7.10 Waiver of Jury Trial. Section 14.13 of the Credit Agreement is hereby incorporated by reference, mutatis mutandis.

[*signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Amendment to be duly executed effective as of the date first written above.

BORROWER:

LAREDO PETROLEUM, INC.

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Senior Vice President and Chief Financial Officer

GUARANTORS:

LAREDO MIDSTREAM SERVICES, LLC

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Senior Vice President and Chief Financial Officer

GARDEN CITY MINERALS, LLC

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Senior Vice President and Chief Financial Officer

WELLS FARGO BANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ Muhammad A. Dhamani
Name: Muhammad A. Dhamani
Title: Managing Director

BANK OF AMERICA, N.A.,
as a Bank

By: /s/ Victor F. Cruz
Name: Victor F. Cruz
Title: Director

ABN AMRO Capital USA LLC,
as a Bank

By: /s/ Darrell Holley
Name: Darrell Holley
Title: Managing Director

By: /s/ Elizabeth Johnson
Name: Elizabeth Johnson
Title: Executive Director

BMO HARRIS FINANCING, INC.,
as a Bank

By: /s/ Hill Taylor
Name: Hill Taylor
Title: Vice President

SOCIETE GENERALE,
as a Bank

By: /s/ Roberto Simon
Name: Roberto Simon
Title: Managing Director

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Bank

By: /s/ Christopher Kuna
Name: Christopher Kuna
Title: Senior Director

BBVA USA,
as a Bank

By: /s/ Julia Barnhill
Name: Julia Barnhill
Title: Vice President

COMERICA BANK,
as a Bank

By: /s/ Mackenzie Dold
Name: Mackenzie Dold
Title: Vice President

BOKF, NA dba BANK OF OKLAHOMA,
as a Bank

By: _____
Name:
Title:

TRUIST BANK, formerly known as BRANCH BANKING AND TRUST COMPANY,
as a Bank

By: /s/ James Giordano
Name: James Giordano
Title: Managing Director

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH,
as a Bank

By: /s/ Scott Nickel
Name: Scott Nickel
Title: Director

BARCLAYS BANK PLC,
as a Bank

By: /s/ Sydney G. Dennis
Name: Sydney G. Dennis
Title: Director

CITIBANK, N.A.,
as a Bank

By: /s/ Thomas Skipper
Name: Thomas Skipper
Title: Vice President

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as a Bank

By: /s/ Nupur Kumar
Name: Nupur Kumar
Title: Authorized Signatory

By: /s/ Brady Bingham
Name: Brady Bingham
Title: Authorized Signatory

GOLDMAN SACHS BANK USA,
as a Bank

By: /s/ Dan Martis
Name: Dan Martis
Title: Authorized Signatory

ANNEX A TO SIXTH AMENDMENT

FIFTH AMENDED AND RESTATED
CREDIT AGREEMENT

DATED AS OF
MAY 2, 2017

AMONG

LAREDO PETROLEUM, INC.,
AS BORROWER

THE FINANCIAL INSTITUTIONS LISTED ON SCHEDULE 1 HERETO,
AS BANKS,

WELLS FARGO BANK, N.A., AS ADMINISTRATIVE AGENT,

BANK OF AMERICA, N.A., BMO HARRIS FINANCING, INC.
AND CAPITAL ONE, NATIONAL ASSOCIATION,

AS CO-SYNDICATION AGENTS,

SOCIETE GENERALE AND THE BANK OF NOVA SCOTIA,

AS CO-DOCUMENTATION AGENTS

AND

WELLS FARGO SECURITIES, LLC, BMO CAPITAL MARKETS CORP.,
CAPITAL ONE, NATIONAL ASSOCIATION AND
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,

AS JOINT LEAD ARRANGERS AND JOINT BOOKRUNNERS

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SCHEDULES

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FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIFTH AMENDED AND RESTATED CREDIT AGREEMENT is entered into effective as of May 2, 2017, among Laredo Petroleum, Inc., a Delaware corporation ("**Borrower**"), Wells Fargo Bank, N.A., a national banking association, as administrative agent for the Banks (in such capacity, together with its successors in such capacity, "**Administrative Agent**"), Bank of America, N.A., BMO Harris Financing, Inc. and Capital One, National Association, as Co-Syndication Agents and Societe Generale and The Bank of Nova Scotia, as Co-Documentation Agents, and each of Banks (as defined below) from time to time party hereto.

RECITALS:

WHEREAS, Borrower, Administrative Agent and the financial institutions party thereto as Banks (the "**Existing Banks**") are party to that certain Fourth Amended and Restated Credit Agreement dated as of December 31, 2013 (as amended, supplemented or otherwise modified prior to the Effective Date, the "**Existing Credit Agreement**") pursuant to which the banks thereunder provided Borrower with a revolving credit facility;

WHEREAS, the parties hereto desire to amend and restate in its entirety the Existing Credit Agreement in the form of this Agreement to (a) renew and rearrange the indebtedness outstanding under the Existing Credit Agreement (but not to repay or pay off any such indebtedness) and (b) amend certain other terms of the Existing Credit Agreement in certain respects as provided in this Agreement.

NOW, THEREFORE, in consideration of the premises, the representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Administrative Agent, and Banks hereby agree as follows, amending and restating the Existing Credit Agreement in its entirety:

ARTICLE I
TERMS DEFINED

Section 1.1 Terms Defined Above. As used in this Agreement, each term defined above as the meaning indicated above.

Section 1.2 Certain Defined Terms. The following terms, as used herein, have the following meanings:

"**Account**" means any deposit account, securities account, commodities account, or any other demand, time, savings, passbook or similar account maintained with a bank or other financial institution.

"**Account Control Agreement**" means an agreement which grants the Administrative Agent "control" as defined in the Uniform Commercial Code in effect in the applicable jurisdiction over the applicable Account, in form and substance reasonably acceptable to the Administrative Agent. For clarity, amounts and Cash Equivalents on deposit or held in an Account subject to an Account Control Agreement shall be deemed "unrestricted and unencumbered" for purposes of the definitions of Consolidated Total Leverage Ratio and Net Debt unless and until the Administrative Agent shall have given a notice of "exclusive control" or "sole control" and terminated any right of any Credit Party to direct transfers from such Account without the consent or other action of the Administrative Agent.

"**Acquisition**" means one or more acquisitions by Credit Parties of certain oil, gas and mineral properties.

"**Act**" has the meaning set forth in **Section 14.16**.

"**Additional Bank**" has the meaning given to such term in **Section 2.16(a)**.

"**Additional Bank Certificate**" has the meaning given to such term in **Section 2.16(b)(vii)**.

"**Adjusted Base Rate**" means, on any day, the greatest of (a) the Base Rate in effect on such day, (b) the sum of (i) the Federal Funds Rate in effect on such day, plus (ii) one half of one percent (.5%), (c) the Adjusted LIBOR Rate for a one month Interest Period on such day (or if such day is not a Eurodollar Business Day, the immediately preceding Eurodollar Business Day) plus 1.0%, or (d) zero percent (0%), *provided* that, for the avoidance of doubt, the Adjusted LIBOR Rate for any day shall be based on the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of $5,000,000 with a one month maturity are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, on such day (or the immediately preceding Eurodollar Business Day if such day is not a day on which banks are open for dealings in dollar deposits in the London interbank market). Each change in the Adjusted Base Rate shall become effective automatically and without notice to Borrower or any Bank upon the effective date of each change in the Federal Funds Rate, the Base Rate or the Adjusted LIBOR Rate, as the case may be.

"**Adjusted Base Rate Borrowing**" means any Borrowing which will constitute an Adjusted Base Rate Tranche.

"**Adjusted Base Rate Tranche**" means the portion of the principal of any Loan bearing interest with reference to the Adjusted Base Rate.

"**Adjusted LIBOR Rate**" applicable to any Interest Period, means the greater of (a) a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/16 of 1%) by dividing (i) the applicable LIBOR Rate by (ii) 1.00 minus the Eurodollar Reserve Percentage, and (b) zero percent (0%).

"**Administrative Agent**" means Wells Fargo Bank, N.A. in its capacity as Administrative Agent for Banks hereunder or any successor thereto.

"**Administrative Questionnaire**" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"**Advance Payment Contract**" means any contract whereby any Credit Party either (a) receives or becomes entitled to receive (either directly or indirectly) any payment (an "**Advance Payment**") to be applied toward payment of the purchase price of Hydrocarbons produced or to be produced from Mineral Interests owned by any Credit Party and which Advance Payment is paid or to be paid in advance of actual delivery of such production to or for the account of the purchaser regardless of such production, or (b) grants an option or right of refusal to the purchaser to take delivery of such production in lieu of payment, and, in either of the foregoing instances, the Advance Payment is, or is to be, applied as payment in full for such production when sold and delivered or is, or is to be, applied as payment for a portion only of the purchase price thereof or of a percentage or share of such production; *provided that* inclusion of the standard "take or pay" provision in any gas sales or purchase contract or any other similar contract shall not, in and of itself, constitute such contract as an Advance Payment Contract for the purposes hereof.

"**Affected Financial Institution**" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"**Affiliate**" means, as to any Person, any Subsidiary of such Person, or any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or partnership interests, or by contract or otherwise.

"**Agent Parties**" has the meaning set forth in **Section 14.1(c)**.

"**Agents**" means Administrative Agent and any other agent appointed under this Agreement.

"**Aggregate Elected Commitment Amount**" at any time shall equal the sum of the Elected Commitments, as the same may be terminated, reduced or increased from time to time in accordance with the terms hereof. As of the Fourth Amendment Effective Date, the Aggregate Elected Commitment Amount is $725,000,000.

"**Aggregate Maximum Credit Amount**" at any time shall equal the sum of the Maximum Credit Amounts, as the same may be increased, reduced or terminated from time to time in accordance with the terms hereof.

"**Agreement**" means this Fifth Amended and Restated Credit Agreement, including the Schedules and Exhibits hereto, and as the same may from time to time be amended, modified, supplemented or restated.

"**Amount of Capped Distributions, Investments and Redemptions**" means, as of any time, the amount of Capped Distributions, Investments and Redemptions through and including such time; *provided that*, the amount of Permitted Investments described in subclause (l)(ii) of the definition thereof and made pursuant to **Section 9.7** shall be determined as of the date such Investment is made.

"**Annualized EBITDAX**" means, for the purposes of calculating the financial ratio set forth in **Section 10.1(b)** for (a) each Rolling Period ending on or prior to September 30, 2017 and (b) solely to the extent the Sabalo Acquisition Closing Date occurs prior to August 1, 2021, each of the Rolling Periods ending on September 30, 2021, December 31, 2021 and March 31, 2022, Borrower's actual Consolidated EBITDAX for such Rolling Period multiplied by the factor determined for such Rolling Period in accordance with the table below:

Rolling Period Ending	Factor
March 31, 2017	4
June 30, 2017	2
September 30, 2017	4/3
September 30, 2021	4
December 31, 2021	2
March 31, 2022	4/3

"**Anti-Corruption Laws**" means all laws, rules, and regulations of the United States of America applicable to Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption including, without limitation, the FCPA.

"**Applicable Environmental Law**" means any Law, statute, ordinance, rule, regulation, order or determination of any Governmental Authority or any board of fire underwriters (or other body exercising similar functions), affecting any real or personal property owned, operated or leased by any Credit Party or any other operation of any Credit Party in any way pertaining to health, safety or the environment, including all applicable zoning ordinances and building codes, flood disaster Laws and health, safety and environmental Laws and regulations, and further including (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (as amended from time to time, herein referred to as "**CERCLA**"), (b) the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Recovery Act of 1976, as amended by the Solid Waste Disposal Act of 1980, and the Hazardous and Solid Waste Amendments of 1984 (as amended from time to time, herein referred to as "**RCRA**"), (c) the Safe Drinking Water Act, as amended, (d) the Toxic Substances Control Act, as amended, (e) the Clean Air Act, as amended, (f) the Occupational Safety and Health Act of 1970, as amended, (g) the Laws, rules and regulations of any state having jurisdiction over any real or personal property owned, operated or leased by any credit Party or any other operation of any Credit Party which relates to health, safety or the environment, as each may be amended from time to time, and (h) any federal, state or municipal Laws, ordinances or regulations which may now or hereafter require removal of asbestos or other hazardous wastes or impose any liability related to asbestos or other hazardous wastes. The terms "hazardous substance", "petroleum", "release" and "threatened release" have the meanings specified in CERCLA, and the terms "solid waste" and "disposal" (or "disposed") have the meanings specified in RCRA; *provided that*, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment with respect to all provisions of this Agreement; *provided further that*, to the extent the Laws of the state in which any real or personal property owned, operated or leased by any Credit Party is located establish a meaning for "hazardous substance", "petroleum", "release", "solid waste" or "disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning shall apply in so far as such broader meaning is applicable to the real or personal property owned, operated or leased by any such Credit Party and located in such state.

"**Applicable Margin**" means, on any date, with respect to each Eurodollar Tranche or Adjusted Base Rate Tranche, an amount determined by reference to the ratio of Outstanding Revolving Credit to the then effective Borrowing Base, on such date, in accordance with the table below:

Pricing Level	Ratio of Outstanding Revolving Credit to Borrowing Base	Applicable Margin for Eurodollar Tranches	Applicable Margin for Adjusted Base Rate Tranches
I	≥90%	3.250%	2.250%
II	≥75% but<90%	3.000%	2.000%
III	≥50% but <75%	2.750%	1.750%
IV	≥25% but <50%	2.500%	1.500%
V	<25%	2.250%	1.250%

Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change; *provided that*, if at any time Borrower fails to deliver a Reserve Report pursuant to **Section 4.1**, then the "Applicable Margin" means the rate per annum set forth on the grid at Pricing Level I.

"**Approved Petroleum Engineer**" means Ryder Scott Company, L.P. or another reputable firm of independent petroleum engineers as shall be selected by Borrower and approved by Required Banks, such approval not to be unreasonably withheld.

"**Arrangers**" means, collectively, Wells Fargo Securities, LLC, BMO Capital Markets Corp., Capital One, National Association, and Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation's or any of its subsidiaries' investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement), in their capacities as joint lead arrangers and joint bookrunners and "**Arranger**" means any of them individually.

"**Asset Disposition**" means the sale, assignment, lease, license, transfer, exchange or other disposition by any Credit Party of all or any portion of its right, title and interest in any Borrowing Base Property or the termination (other than at its scheduled maturity) or monetization by any Credit Party of any Borrowing Base Hedge.

"**Assignee**" has the meaning given such term in **Section 14.8(d)**.

"**Assignment and Assumption Agreement**" has the meaning given such term in **Section 14.8(d)**.

"**Authorized Officer**" means, as to any Person, its Chairman, Chief Executive Officer, Chief Financial Officer, Vice-Chairman, President, Executive Vice President(s), Senior Vice President(s) or Vice President duly authorized to act on behalf of such Person.

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"**Bail-In Legislation**" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule) and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"**Bank**" means (a) any financial institution listed on **Schedule 1** hereto as having a Commitment and (b) any Person that shall have become a party to this Agreement as an Additional Bank pursuant to Section 2.16, and in each case such Bank's successors and assigns, and "**Banks**" shall mean all Banks.

"**Bank Products**" means any of the following bank services: (a) commercial credit cards, (b) stored value cards, and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"**Bank Products Provider**" means any Bank or Affiliate of a Bank that provides Bank Products to any Credit Party.

"**Bankruptcy Code**" means the United States Bankruptcy Code, Title 11 of the United States Code, as amended.

"**Base Rate**" means the fluctuating rate of interest in effect for such day as publicly announced from time to time by Wells Fargo Bank, N.A. as its "prime rate." The "prime rate" is a rate set by Wells Fargo Bank, N.A. based upon various factors including Wells Fargo Bank, N.A.'s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Wells Fargo Bank, N.A. shall take effect at the opening of business on the day specified in the public announcement of such change.

"**Benefitting Guarantor**" means a Guarantor for which funds or other support are required for such Guarantor to constitute an Eligible Contract Participant.

"**BHC Act Affiliate**" means, as to any Person, an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such Person.

"**Board**" means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

"**Borrower**" has the meaning set forth in the initial paragraph hereof.

"**Borrower Materials**" has the meaning set forth in **Section 8.1**.

"**Borrowing**" means any disbursement to Borrower under, or to satisfy the obligations of any Credit Party under, any of the Loan Papers.

"**Borrowing Base**" means, at any time, an amount determined in accordance with **Article IV**. As of the Fourth Amendment Effective Date, the Borrowing Base is $725,000,000.

"**Borrowing Base Deficiency**" means, as of any date, the amount, if any, by which (a) the Outstanding Revolving Credit on such date, exceeds (b) the Borrowing Base in effect on such date; *provided that*, for purposes of computing the existence and amount of any Borrowing Base Deficiency, Letter of Credit Exposure will not be deemed to be outstanding to the extent funds have been deposited with Administrative Agent to secure such Letter of Credit Exposure pursuant to **Section 2.1(b)**.

"**Borrowing Base Hedge**" means, at any time, any Oil and Gas Hedge Transaction that has been incorporated into the determination of the Borrowing Base (as determined by Administrative Agent) then in effect.

"**Borrowing Base Properties**" means all Mineral Interests evaluated by Banks for purposes of establishing the Borrowing Base. The Borrowing Base Properties on the Effective Date constitute all of the Mineral Interests described in the Initial Reserve Report.

"**Borrowing Base Value**" means, with respect to any Borrowing Base Properties, or any Hedge Agreement in respect of commodities, the value the Administrative Agent attributed to such asset in connection with the most recent determination of the Borrowing Base (which Borrowing Base was approved by the Banks in accordance with **Section 4.2**).

"**Borrowing Date**" means the Eurodollar Business Day or the Business Day, as the case may be, upon which the proceeds of any Borrowing are made available to Borrower or to satisfy the obligations of Borrower or any other Credit Party.

"**Business Day**" means any day except a Saturday, Sunday or other day on which national banks in New York, New York or Dallas, Texas are authorized by Law to close.

"**Capital Lease**" means, for any Person as of any date, any lease of property, real or personal, which would be capitalized on a balance sheet of the lessee prepared as of such date in accordance with GAAP as in effect on December 31, 2016.

"**Capped Distributions, Investments and Redemptions**" means, as of any time, the sum of (a) Distributions permitted and made pursuant to **Section 9.2(b)**, *plus* (b) Permitted Investments described in subclause (l)(ii) of the definition thereof and made pursuant to **Section 9.7**, *plus* (c) Redemptions permitted and made pursuant to **Section 9.13(a)**, in each case, from and after April 1, 2020.

"**Cash Equivalents**" means Investments of the type described in clauses (b) through (e) in the definition of Permitted Investments.

"**Certificate of Ownership Interests**" means a Certificate of Ownership Interests in the form of **Exhibit E** attached hereto to be executed and delivered by an Authorized Officer of Borrower pursuant to **Section 6.1(a)(vi)**.

"**Change of Control**" means the occurrence of any of the following whether voluntary or involuntary, including by operation of law: (a) any Credit Party other than Borrower shall cease to be a wholly-owned Subsidiary of Borrower, except as a result of a merger or consolidation permitted under **Section 9.4**, (b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than the Permitted Holders, of Equity representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Equity of Borrower or (c) occupation of a majority of the seats (other than vacant seats) on the board of directors of Borrower by Persons who were not (i) on the board of directors on the Effective Date, (ii) nominated by the board of directors of Borrower, or (iii) appointed by directors a majority of whom were on the board of directors on the Effective Date or so nominated.

"**Closing Date**" means May 2, 2017.

"**Closing Transactions**" means the transactions to occur on or prior to the Effective Date pursuant to this Agreement.

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

"**Commitment**" means, with respect to any Bank, the commitment of such Bank to make Loans and to acquire participations in Letters of Credit hereunder, as such amount may be terminated, reduced or increased from time to time in accordance with the provisions hereof. The amount representing each Bank's Commitment shall at any time be the least of (a) such Bank's Maximum Credit Amount, (b) such Bank's Commitment Percentage of the then effective Borrowing Base and (c) such Bank's Elected Commitment.

"**Commitment Fee Percentage**" means, on any date, the percentage determined pursuant to the table below based on the ratio of the Outstanding Revolving Credit on such date to the then effective Borrowing Base on such date:

Pricing Level	Ratio of Outstanding Revolving Credit to Borrowing Base	Commitment Fee Percentage
I	≥90%	0.500%
II	≥75% but <90%	0.500%
III	≥50% but <75%	0.500%
IV	≥25% but <50%	0.375%
V	<25%	0.375%

"**Commitment Percentage**" means, with respect to any Bank at any time, the percentage of the Aggregate Elected Commitment Amount represented by such Bank's Elected Commitment, as such percentage may be modified from time to time pursuant to **Section 2.16(e)** or otherwise hereunder.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), as amended from time to time, and any successor statute.

"**Consolidated Cash Balance**" means the aggregate amount of (a) cash, (b) Cash Equivalents and (c) any other marketable securities, treasury bonds and bills, certificates of deposit, investments in money market funds and commercial paper, in each case, held or owned by (either directly or indirectly), credited to the account of or that would otherwise be required to be reflected as an asset on a balance sheet prepared in accordance with GAAP, in each case of Borrower or any of its Subsidiaries; provided that the Consolidated Cash Balance shall exclude, without duplication, any cash or Cash Equivalents (v) for which Borrower or any of its Subsidiaries have, in the ordinary course of business, issued checks or initiated wires or ACH transfers in order to utilize such cash or Cash Equivalents, (w) allocated for, reserved or otherwise set aside to pay royalty obligations, working interest obligations, vendor payments, suspense payments, similar payments as are customary in the oil and gas industry, severance and ad valorem taxes, payroll, payroll taxes, other taxes, and employee wage and benefit payment obligations of the Borrower or any Restricted Subsidiary, in each case, due and owing on or before the last Business Day of the then next occurring calendar week, (x) constituting pledges and/or deposits securing or in respect of (or allocated for, reserved or otherwise set aside to pay the purchase price and related obligations under) binding and enforceable purchase and sale agreements with any Persons who are not Affiliates of the Credit Parties, in each case to the extent permitted by this Agreement, (y) posted as collateral to secure obligations to any Letter of Credit Issuer, or (z) subject to a Lien pursuant to clause (i) or clause (k) of the definition of Permitted Encumbrances.

"**Consolidated Current Assets**" means, for any Person at any time, the sum of (a) the current assets of such Person and its Consolidated Subsidiaries at such time, plus (b) in the case of Borrower, the Revolving Availability at such time. For purposes of this definition, any non-cash assets resulting from the requirements of ASC 815 for any period of determination shall be excluded from the determination of current assets of such Person and its Consolidated Subsidiaries.

"**Consolidated Current Liabilities**" means, for any Person at any time, the current liabilities of such Person and its Consolidated Subsidiaries at such time. For purposes of this definition, any non-cash liabilities resulting from the requirements of ASC 815 for any period of determination shall be excluded from the determination of current liabilities of such Person and its Consolidated Subsidiaries.

"**Consolidated EBITDAX**" means, for any Person for any period, the Consolidated Net Income of such Person for such period, (a) plus each of the following, to the extent deducted in determining Consolidated Net Income without duplication, determined for such Person and its Consolidated Subsidiaries on a consolidated basis for such period: (i) any provision for (or less any benefit from) income or franchise Taxes; (ii) interest expense (as determined under GAAP as in effect as of December 31, 2016), (iii) depreciation, depletion and amortization expense; (iv) exploration expenses; and (v) other non-cash charges to the extent not already included in the foregoing clauses (ii), (iii) or (iv), (b) plus the aggregate Specified EBITDAX Adjustments during such period; *provided* that the aggregate Specified EBITDAX Adjustments shall not exceed fifteen percent (15%) of the Consolidated EBITDAX for such period prior to giving effect to any Specified EBITDAX Adjustments for such period, and (c) minus all non-cash income to the extent included in determining Consolidated Net Income. For the purposes of calculating Consolidated EBITDAX for any Rolling Period in connection with any determination of the financial ratio contained in **Section 10.1(b)**, if during such Rolling Period, Borrower or any Consolidated Restricted Subsidiary shall have made a Material Disposition or Material Acquisition, the Consolidated EBITDAX for such Rolling Period shall be calculated after giving pro forma effect thereto as if such Material Disposition or Material Acquisition, as applicable, occurred on the first day of such Rolling Period.

"**Consolidated Net Income**" means, for any Person as of any period, the net income (or loss) of such Person and its Consolidated Subsidiaries for such period determined in accordance with GAAP; *provided* that there shall be excluded from such net income (to the extent otherwise included therein) the following: (a) the income of any other Person (other than its Consolidated Subsidiaries) in which such Person or any of its Subsidiaries has an ownership interest, unless received by such Person or its Consolidated Subsidiaries in a cash distribution (provided that this clause (a) shall not prohibit any Specified EBITDAX Adjustment from being added to Consolidated Net Income in accordance with the definition of Consolidated EBITDAX); (b) any after-tax gains attributable to asset dispositions; (c) to the extent not included in clauses (a) and (b) above, any after-tax (i) extraordinary gains (net of extraordinary losses), or (ii) non-cash nonrecurring gains; and (d) non-cash or nonrecurring charges to the extent not already included in clauses (a), (b), or (c) of this definition.

"**Consolidated Senior Secured Leverage Ratio**" means, as of any date of calculation, the ratio of (a) Senior Secured Debt of Borrower and its Subsidiaries as of such date to (b) Consolidated EBITDAX (or, in the case of the Fiscal Quarters ending (i) on or prior to September 30, 2017 and (ii) solely to the extent the Sabalo Acquisition Closing Date occurs prior to August 1, 2021, on September 30, 2021, December 31, 2021 and March 31, 2022, Annualized EBITDAX) for the Rolling Period most recently ended for which financial statements have been received pursuant to **Section 8.1**.

"**Consolidated Subsidiary**" or "**Consolidated Subsidiaries**" means, for any Person, at any time, any Subsidiary or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements as of such time.

"**Consolidated Total Leverage Ratio**" means, as of any date of calculation, with respect to Section 10.1(b), the ratio of (a) (i) if there are no Loans outstanding on such date, Net Debt of Borrower and its Subsidiaries as of such day, or (ii) if there are Loans outstanding on such date, Total Debt of Borrower and its Subsidiaries as of such date minus unrestricted and unencumbered cash and Cash Equivalents on such date up to $50,000,000 to (b) Consolidated EBITDAX (or, in the case of the Fiscal Quarters ending (i) on or prior to September 30, 2017 and (ii) solely to the extent the Sabalo Acquisition Closing Date occurs prior to August 1, 2021, on September 30, 2021, December 31, 2021 and March 31, 2022, Annualized EBITDAX) for the Rolling Period ending on such date.

"**Covered Entity**" means any of the following: (a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"**Conversion Date**" has the meaning set forth in Section 2.5(c).

"**Credit Parties**" means, collectively, Borrower and each direct or indirect Subsidiary of Borrower, and "**Credit Party**" means any one of the foregoing.

"**Current Financials**" means (a) the most recent annual audited consolidated balance sheet of Borrower and the related consolidated statements of operations and cash flow delivered to Banks hereunder, and (b) the most recent quarterly unaudited consolidated balance sheet of Borrower and the related consolidated statements of operations and cash flow delivered to Banks hereunder.

"**Debt**" of any Person means, without duplication: (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all other indebtedness (including obligations under Capital Leases, other than Capital Leases which are usual and customary oil and gas leases) of such Person on which interest charges are customarily paid or accrued, (d) all Guarantees by such Person, (e) the unfunded or unreimbursed portion of all letters of credit issued for the account of such Person, (f) any amount owed by such Person representing the deferred purchase price for property or services acquired by such Person other than trade payables incurred in the ordinary course of business which are not more than ninety (90) days past the invoice date, (g) all obligations of such Person secured by a Lien (other than a Permitted Encumbrance) on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person, and (h) all liability of such Person as a general partner of a partnership for obligations of such partnership of the nature described in (a) through (g) preceding. The Debt of any Person shall include all obligations of such Person of the character described above to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is not included as a liability of such Person under GAAP. Notwithstanding anything to the contrary, neither direct nor indirect obligations of a Person in respect of Hedge Transactions shall constitute Debt.

"**Debt Issuance Date**" means any date on which a Credit Party issues Senior Notes.

"**Debtor Relief Laws**" means the Bankruptcy Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments or similar debtor relief laws from time to time in effect affecting the rights of creditors generally.

"**Default**" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"**Default Rate**" means a rate per annum during the period commencing on the due date until such amount is paid in full equal to the sum of (a) two percent (2%), plus (b) the Adjusted Base Rate plus the Applicable Margin then in effect for Adjusted Base Rate Borrowings (*provided that*, if such amount in default is principal of a Borrowing subject to a Eurodollar Tranche and the due date is a day other than the last day of an Interest Period therefor, the "Default Rate" for such principal shall be, for the period from and including the due date and to but excluding the last day of the Interest Period therefor, (i) two percent (2%), plus (ii) the Applicable Margin then in effect for Eurodollar Borrowings, plus (iii) the LIBOR Rate for such Borrowing for such Interest Period as provided in **Section 2.5**, and thereafter, the rate provided for above in this definition).

"**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"**Defaulting Bank**" means any Bank that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder; (b) has notified Borrower or any Credit Party in writing, or has made a public statement, to the effect that it does not intend or expect to comply with any of its funding obligations under this Agreement or generally under other agreements in which it commits to extend credit; (c) has failed, within three (3) Business Days after request by the Administrative Agent or a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Bank that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement; *provided* that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent; or (d) has (or whose bank holding company (or any other Person controlling such Bank) has) (i) become the subject of a proceeding under any Debtor Relief Law, (ii) been placed into receivership, conservatorship or bankruptcy or (iii) become the subject of a Bail-in Action; *provided* that a Bank shall not become a Defaulting Bank solely as a result of the acquisition or maintenance of an ownership interest in such Bank or Person controlling such Bank or the exercise of control (other than through the appointment of a conservator or receiver) over a Bank or Person controlling such Bank by a Governmental Authority or an instrumentality thereof, so long as such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Bank (or such Governmental Authority) to modify, reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank. For purposes of this definition, "control" (including with correlative meaning "controlling") shall have the meaning given to such term in the definition of Affiliate; *provided*, further, that the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator with respect to a Bank or any Person controlling such Bank under the Dutch Financial Supervision Act 2007 (as amended from time to time and including any successor legislation) shall not be deemed to result in an event described in (d) hereof so long as such appointment does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from enforcement of judgments or writs of attachment on its assets or permit such Bank (or such administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official or Governmental Authority) to modify, reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank.

"**Determination**" means any Periodic Determination or Special Determination (including any Determination pursuant to **Section 4.6**).

"**Determination Date**" means (a) each May 1 and November 1, commencing November 1, 2017, and (b) with respect to any Special Determination, the first day of the first month which is not less than 30 days following the date of a request for a Special Determination. The Effective Date shall also constitute a Determination Date for purposes of this Agreement.

"**Distribution**" by any Person, means (a) with respect to any stock issued by such Person or any partnership, joint venture, limited liability company, membership or other equity ownership interest of such Person, the retirement, redemption, purchase, or other acquisition for value of any such stock, partnership, joint venture, limited liability company, membership or other equity ownership interest, (b) the declaration or payment of any dividend or other distribution on or with respect to any stock, partnership, joint venture, limited liability company, membership or other equity ownership interest of any Person, and (c) any other payment by such Person with respect to such stock, partnership, joint venture, limited liability company, membership or other equity ownership interest.

"**Documentary Taxes**" means any and all present or future stamp or documentary taxes or any other excise or Property taxes, charges or similar levies arising from any payment made by Borrower or any guarantor hereunder or from the execution, delivery or enforcement of this Agreement or any other Loan Paper.

"**Dollars**" or "**$**" refers to lawful money of the United States of America.

"**Domestic Lending Office**" means, as to each Bank, its office identified in such Bank's Administrative Questionnaire as its Domestic Lending Office or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to Borrower and Administrative Agent.

"**EDGAR**" means the Electronic Data Gathering, Analysis, and Retrieval computer system for the receipt, acceptance, review and dissemination of documents submitted to the SEC in electronic format.

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Effective Date**" means the date on which the conditions specified in **Section 6.1** are satisfied (or waived in accordance with **Section 14.2**).

"**Elected Commitment**" means, as to any Bank, the amount set forth opposite such Bank's name on **Schedule 1** under the caption "Elected Commitment", as the same may be terminated, reduced or increased from time to time in accordance with the provisions hereof.

"**Elected Commitment Increase Certificate**" has the meaning given to such term in **Section 2.16(b)(vi)**.

"**Election Notice**" has the meaning given to such term in **Section 4.4**.

"**Electronic Record**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"**Electronic Signature**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"**Eligible Contract Participant**" means an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder.

"**Environmental Complaint**" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other communication from any federal, state or municipal authority or any other party against any Credit Party involving (a) a Hazardous Discharge from, onto or about any real property owned, leased or operated at any time by any Credit Party, (b) a Hazardous Discharge caused, in whole or in part, by any Credit Party or by any Person acting on behalf of or at the instruction of any Credit Party, or (c) any violation of any Applicable Environmental Law by any Credit Party.

"**Environmental Liability**" means any liability, loss, fine, penalty, charge, Lien, damage, cost, or expense of any kind that results directly or indirectly, in whole or in part (a) from the violation of any Applicable Environmental Law, (b) from the release or threatened release of any Hazardous Substance, (c) from removal, remediation, or other actions in response to the release or threatened release of any Hazardous Substance, (d) from actual or threatened damages to natural resources, (e) from the imposition of injunctive relief or other orders, (f) from personal injury, death, or property damage which occurs as a result of any Credit Party's use, storage, handling, or the release or threatened release of a Hazardous Substance, or (g) from any environmental investigation performed at, on, or for any real property owned by any Credit Party.

"**Equity**" means shares of capital stock or a partnership, profits, capital or member interest, or options, warrants or any other right to substitute for or otherwise acquire the capital stock or a partnership, profits, capital or member interest of any Credit Party.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

"**ERISA Affiliate**" means each trade or business (whether or not incorporated) which together with Borrower or any Credit Party would be deemed to be a "single employer" within the meaning of section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of section 414 of the Code.

"**Erroneous Payment**" has the meaning assigned thereto in Section 12.14.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"**Eurodollar Borrowing**" means any Borrowing which will constitute a Eurodollar Tranche.

"**Eurodollar Business Day**" means any Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"**Eurodollar Lending Office**" means, as to each Bank, its office, branch or Affiliate located at its address identified in such Bank's Administrative Questionnaire as its Eurodollar Lending Office or such other office, branch or Affiliate of such Bank as it may hereafter designate as its Eurodollar Lending Office by notice to Borrower and Administrative Agent.

"**Eurodollar Reserve Percentage**" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York, New York in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Eurodollar Tranches is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents). The Adjusted LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"**Eurodollar Tranche**" means, with respect to any Interest Period, any portion of the principal amount outstanding under the Loans which bears interest at a rate computed by reference to the Adjusted LIBOR Rate for such Interest Period.

"**Event of Default**" has the meaning set forth in **Section 11.1**.

"**Excluded Account**" means any deposit account, securities account or commodities account of a Credit Party holding amounts to be used exclusively for funding accrued payroll, payroll taxes, withheld income taxes and other wage and benefit payments in respect of or for the benefit of employees, officers and directors of the Credit Parties.

"**Excluded Swap Obligation**" means, with respect to any Credit Party individually determined on a Credit Party by Credit Party basis, any Obligations or other obligation in respect of any Hedge Transaction if, and solely to the extent that, all or a portion of the guarantee of such Credit Party of, or the grant by such Credit Party of a security interest or other Lien to secure, such Obligations or other obligation in respect of such Hedge Transaction (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Credit Party's failure for any reason to constitute an Eligible Contract Participant at the time such guarantee or grant of a security interest or other Lien is entered into or otherwise becomes effective with respect to, or any other time such Credit Party is by virtue of such guarantee or grant of security interest or other Lien otherwise deemed to enter into, such Obligations or other obligation in respect of such Hedge Transaction (or guarantee thereof). If such an obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such obligation that is attributable to swaps the guarantee or grant of security interest or other Lien for which (or for any guarantee of which) so is or becomes illegal.

"**Excluded Taxes**" means, with respect to the Administrative Agent, any Bank, any Assignee or any other recipient of any payment to be made by or on account of any obligation of Borrower or any guarantor hereunder or under any other Loan Papers, (a) taxes imposed on (or measured by) its net income, and franchise taxes (including the Texas Margin Tax) imposed on it (in lieu of net income taxes), in each case by the United States of America or such other jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Bank, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which Borrower or any guarantor is located, (c) in the case of a Bank, any U.S. federal withholding tax imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Commitment pursuant to a Law in effect on the date on which (i) such Bank acquires such interest in the Loan or Commitment or (ii) such Bank changes its Lending Office, except in each case to the extent that, pursuant to **Section 13.6**, amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its Lending Office, (d) taxes attributable to such Bank's or Letter of Credit Issuer's failure to comply with **Section 13.6(d)** and (e) any U.S. federal withholding taxes imposed under FATCA.

"**Exhibit**" refers to an exhibit attached to this Agreement and incorporated herein by reference, unless specifically provided otherwise.

"**Existing Banks**" has the meaning as set forth in the Recitals hereto.

"**Existing Credit Agreement**" has the meaning set forth in the Recitals hereto.

"**Existing Letters of Credit**" means the letters of credit listed on **Schedule 4**.

"**Exiting Bank**" has the meaning set forth in **Section 14.18**.

"**Facility Guaranty**" means the Fifth Amended and Restated Guaranty substantially in the form of **Exhibit I** attached hereto to be executed by each existing and future Subsidiary of Borrower in favor of the Secured Parties, pursuant to which each such Subsidiary guarantees payment and performance in full of the Obligations, and each joinder or supplement thereto now or hereafter executed.

"**FATCA**" means Sections 1471 through 1474 of the Code as of the date of this Agreement and any regulations thereunder or official interpretations thereof.

"**FCPA**" means the Foreign Corrupt Practices Act of 1977, as amended.

"**FDIC**" means the Federal Deposit Insurance Corporation of the United States of America or any successor Governmental Authority.

"**Federal Funds Rate**" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided that* (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Administrative Agent on such day on such transactions as determined by Administrative Agent.

"**Fee Letter**" means the letter agreement dated as of April 26, 2017 between Borrower and Wells Fargo Bank, N.A.

"**Fifth Amendment Effective Date**" means October 22, 2020.

"**First Measurement Period**" has the meaning given to such term in **Section 9.10**.

"**Fiscal Quarter**" means the three-month periods ending March 31, June 30, September 30 or December 31 of each Fiscal Year.

"**Fiscal Year**" means a twelve-month period ending December 31.

"**Flood Insurance Regulations**" means (a) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (b) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (c) the National Flood Insurance Reform Act of 1994 (amending 42 USC § 4001, et seq.), as the same may be amended or recodified from time to time, and (d) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder.

"**Foreign Bank**" means a Bank that is not a U.S. Person.

"**Fourth Amendment Effective Date**" means April 30, 2020.

"**GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time subject to the terms and conditions set forth in **Section 1.3**.

"**Gas Balancing Agreement**" means any agreement or arrangement whereby any Credit Party, or any other party having an interest in any Hydrocarbons to be produced from Mineral Interests in which any Credit Party owns an interest, has a right to take more than its proportionate share of production therefrom.

"**Governmental Authority**" means any court or governmental department, commission, board, bureau, agency or instrumentality of any nation or of any province, state, commonwealth, nation, territory, possession, county, parish or municipality, whether now or hereafter constituted or existing (including any central bank or any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

"**Guarantee**" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions, by "comfort letter" or other similar undertaking of support or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided that* the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"**Guarantor**" means Laredo Midstream Services, LLC, a Delaware limited liability company, Garden City Minerals, LLC, a Delaware limited liability company, and each other existing and future Subsidiary of Borrower.

"**Hazardous Discharge**" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of any Hazardous Substance from or onto any real property owned, leased or operated at any time by any Credit Party or any real property owned, leased or operated by any other party.

"**Hazardous Substance**" means any pollutant, toxic substance, hazardous waste, compound, element or chemical that is defined as hazardous, toxic, noxious, dangerous or infectious pursuant to any Applicable Environmental Law or which is otherwise regulated by any Applicable Environmental Law.

"**Hedge Agreement**" means, collectively, any agreement, instrument, arrangement or schedule or supplement thereto evidencing any Hedge Transaction.

"**Hedge Transaction**" means any commodity, interest rate, currency or other swap, option, collar, futures contract or other contract pursuant to which a Person hedges risks or manages costs related to commodity prices, interest rates, currency exchange rates, securities prices or financial market conditions (including any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act; *provided*, *that* for purposes of **Sections 8.1(c)**, **8.1(q)**, and **9.10**, "Hedge Transactions" shall refer to the underlying agreement and not include any separate guaranty or separate document granting a security interest or other Lien in respect of the obligations under such underlying agreement). Hedge Transactions expressly include Oil and Gas Hedge Transactions.

"**Hedge Transaction Letters of Credit**" means Letters of Credit issued to secure Borrower's obligations to counterparties under Oil and Gas Hedge Transactions.

"**Hydrocarbons**" means oil, gas, casinghead gas, drip gasolines, natural gasoline, condensate, distillate, and all other liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith, and all products, by-products and all other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including sulphur, geothermal steam, water, carbon dioxide, helium, and any other minerals, ores, or substances of value, and the products and proceeds therefrom.

"**Increasing Bank**" has the meaning given such term in **Section 2.16(a)**.

"**Indemnified Taxes**" means Taxes other than Excluded Taxes.

"**Initial Borrowing Base**" means a Borrowing Base in the amount of $1,000,000,000, which shall be in effect during the period commencing on the Effective Date and continuing until the first Determination after the Effective Date.

"**Initial Reserve Report**" means the "Reserve Report" most recently delivered by Borrower to the Administrative Agent under and as defined in the Existing Credit Agreement.

"**Interest Option**" has the meaning given such term in **Section 2.5(c)**.

"**Interest Period**" means, with respect to each Eurodollar Tranche, the period commencing on the Borrowing Date or Conversion Date applicable to such Tranche and ending one, two, three, six, or, if available to all Banks, twelve months thereafter, as Borrower may elect in the applicable Request for Borrowing; *provided that*: (a) any Interest Period which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Eurodollar Business Day; (b) any Interest Period which begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Eurodollar Business Day of a calendar month; and (c) no Interest Period with respect to any Eurodollar Tranche shall extend past the Termination Date.

"**Investment**" means, with respect to any Person, any loan, advance, extension of credit, capital contribution to, investment in or purchase of the stock securities of, or interests in, any other Person; *provided that*, "Investment" shall not include current customer and trade accounts which are payable in accordance with customary trade terms.

"**ISP**" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"**January 2022 Notes**" means the 5.625% senior unsecured notes of Borrower or Predecessor Borrower, as applicable, due January 15, 2022.

"**Laws**" means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions or decrees of any state, commonwealth, nation, territory, possession, county, township, parish, municipality or Governmental Authority.

"**LC Issuing Lender Commitment**": unless otherwise agreed in writing by the Borrower and such Letter of Credit Issuer, (a) as to Wells Fargo Bank, N.A., in its capacity as a Letter of Credit Issuer, $45,000,000, (b) as to Bank of America, N.A., in its capacity as a Letter of Credit Issuer, $20,000,000, (c) as to BOKF, NA dba Bank of Oklahoma, in its capacity as a Letter of Credit Issuer, $20,000,000 and (d) as to each of the foregoing and each other Letter of Credit Issuer from time to time hereunder, such other amount separately agreed to in a written agreement between the Borrower and such Letter of Credit Issuer (which agreement shall be promptly delivered to the Administrative Agent upon execution).

"**Legacy Asset Disposition**" means the disposition by Borrower of the Legacy Assets pursuant to that certain Purchase and Sale Agreement dated as of May 7, 2021 (as in effect on the Sixth Amendment Effective Date, the "**Legacy Asset Disposition Agreement**") between Borrower, as "Seller", and Sixth Street, as "Purchaser", pursuant to which Borrower will assign or novate the "Assets" and the "Hedges" (each as defined in the Legacy Asset Disposition Agreement as in effect on the Sixth Amendment Effective Date; such assets herein referred to as the "**Legacy Assets**").

"**Legacy Asset Disposition Agreement**" has the meaning given to such term in the definition of Legacy Asset Disposition.

"**Legacy Asset Disposition Conditions**" means the satisfaction, prior to August 1, 2021 of each of the following conditions:

(a) The consummation of the Legacy Asset Disposition in accordance with the terms and conditions of the Legacy Asset Disposition Agreement without giving effect to any amendment, waiver, modification or consent thereunder that is materially adverse to the interests of the Banks (it being understood that any additions or increases in the Legacy Assets after the Sixth Amendment Effective Date including, without limitation, any additions or increases in the working interests or otherwise pertaining to Mineral Interests to be acquired by Sixth Street pursuant to the Legacy Asset Disposition Agreement shall be deemed to be materially adverse to the Banks);

(b) The consummation of the Sabalo Acquisition (substantially concurrently with (and in any event, on the same Business Day as) the consummation of the Legacy Asset Disposition) in accordance with the terms and conditions of the Sabalo Acquisition Agreement without giving effect to any amendment, waiver, modification or consent thereunder that is materially adverse to the interests of the Banks (it being understood that any reductions or decreases in the Sabalo Assets after the Sixth Amendment Effective Date including, without limitation, any reductions or decreases in the working interests or otherwise pertaining to Mineral Interests to be acquired by Borrower pursuant to the Sabalo Acquisition Agreement shall be deemed to be materially adverse to the Banks);

(c) The Administrative Agent shall have received lien search reports in such jurisdictions as it shall reasonably request with respect to the Sabalo Assets;

(d) The Administrative Agent shall have received customary evidence reasonably satisfactory to it (including mortgage releases and UCC-3 financing statement terminations, as applicable) that all Liens on the Sabalo Assets (other than Permitted Encumbrances) associated with any credit facilities or funded debt have been released or terminated, subject only to the filing of applicable terminations and releases;

(e) After giving effect to the Legacy Asset Disposition, the making of any Loans on the Sabalo Acquisition Closing Date and the consummation of the Sabalo Acquisition (including the payment of the "Purchase Price" (as defined in the Sabalo Acquisition Agreement)), the Borrower shall have Revolving Availability on a pro forma basis in an amount not less than 20% of the Borrowing Base then in effect;

(f) The purchase price paid by the Borrower pursuant to the Sabalo Acquisition Agreement shall (i) not be funded by any Debt for borrowed money (other than proceeds of the Loans funded hereunder) and (ii) otherwise take the form of (x) common equity issued to Sabalo or its designee by the Borrower, (y) net cash proceeds received by the Borrower from the Legacy Asset Disposition and/or (z) cash on hand;

(g) No Event of Default exists immediately prior to or after giving effect to the Legacy Asset Disposition and the Sabalo Acquisition, as applicable;

(h) The Administrative Agent shall have received satisfactory title information as it may reasonably require setting forth the status of title required by **Section 5.2** covering not less than the Required Reserve Value of all Proved Mineral Interests which are subject to Mortgages (after giving effect to the Sabalo Acquisition Agreement) evaluated in the most recently delivered Reserve Report pursuant to this Agreement (as supplemented by the Sabalo Third Party Reserve Report);

(i) The Administrative Agent shall have received from each party thereto duly executed counterparts (in such number as may be reasonably requested by the Administrative Agent) of the Mortgages (as amended and/or supplemented by such duly executed and notarized amendments and/or supplements as the Administrative Agent may reasonably require) covering the Sabalo Assets such that the Administrative Agent is reasonably satisfied that the Mortgages create first priority, perfected Liens (other than Permitted Encumbrances) required by **Section 5.1(a)(i)** covering and encumbering not less than the Required Reserve Value of all Proved Mineral Interests owned by Borrower and its Subsidiaries evaluated in the most recently delivered Reserve Report pursuant to this Agreement (as supplemented by the Sabalo Third Party Reserve Report);

(j) The Administrative Agent shall have received the Sabalo Third Party Reserve Report at least five (5) Business Days prior to the Sabalo Acquisition Closing Date (or such later date prior to the Sabalo Acquisition Closing Date as the Administrative Agent may agree in its sole discretion) in form and substance reasonably acceptable to the Administrative Agent;

(k) The Administrative Agent shall have received a certificate from an Authorized Officer of the Borrower: (i) certifying that all of the Legacy Asset Disposition Conditions have been satisfied or will be satisfied on the Sabalo Acquisition Closing Date, (ii) attaching true, accurate and complete copies of all agreements, instruments, letters, assignments, bills of sale and other documents (including all amendments, exhibits, schedules and attachments thereto) executed and delivered in connection with, or otherwise relating to, the Legacy Asset Disposition (other than the Legacy Asset Disposition Agreement and exhibits, schedules and attachments thereto, in each case, delivered on or prior to the Sixth Amendment Effective Date), (iii) attaching true, accurate and complete copies of all agreements, instruments, letters, assignments, bills of sale and other documents (including all amendments, exhibits, schedules and attachments thereto) executed and delivered in connection with, or otherwise relating to, the Sabalo Acquisition (other than the Sabalo Acquisition Agreement and exhibits, schedules and attachments thereto, in each case, delivered on or prior to the Sixth Amendment Effective Date) and (iv) attaching such other documents and other information as may be reasonably requested by the Administrative Agent or its counsel in connection with the Legacy Asset Disposition and/or Sabalo Acquisition.

"**Legacy Assets**" has the meaning given to such term in the definition of Legacy Asset Disposition.

"**Lending Office**" means, as to any Bank, its Domestic Lending Office or its Eurodollar Lending Office, as the context may require.

"**Letter of Credit Application**" has the meaning given such term in **Section 2.1(b)**.

"**Letter of Credit Exposure**" of any Bank means, collectively, such Bank's aggregate participation in (a) the unfunded portion of Letters of Credit outstanding at any time, and (b) the funded but unreimbursed (by Borrower) portion of Letters of Credit outstanding at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"**Letter of Credit Fee**" means, for any date, with respect to any Letter of Credit issued hereunder, a fee in an amount equal to a percentage of the average daily aggregate amount of Letter of Credit Exposure of all Banks during the Fiscal Quarter (or portion thereof) ending on the date such payment is due (calculated on a per annum basis based on such average daily aggregate Letter of Credit Exposure) determined by reference to the ratio of Outstanding Revolving Credit to the then effective Borrowing Base on such date, in accordance with the table below:

Pricing Level	Ratio of Outstanding Revolving Credit to Borrowing Base	Per Annum Letter of Credit Fee
I	≥90%	3.250%
II	≥75% but <90%	3.000%
III	≥50% but <75%	2.750%
IV	≥25% but <50	2.500%
V	<25%	2.250%

Such fee shall be payable in accordance with the terms of **Section 2.12**. For clarity, each change in the Letter of Credit Fee shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change, if any; in the case of the change in the Letter of Credit Fee pursuant to the Fifth Amendment to this Agreement, such change is effective on the Fifth Amendment Effective Date.

"**Letter of Credit Fronting Fee**" means, with respect to any Letter of Credit issued hereunder, a fee equal to the greater of (a) $500 or (b) .125% per annum of the average daily amount available to be drawn under such Letter of Credit during the Fiscal Quarter (or portion thereof) ending on the date the payment of such fee is due.

"**Letter of Credit Issuer**" means Wells Fargo Bank, N.A., Bank of America, N.A., and BOKF, NA dba Bank of Oklahoma, each in its capacity as an issuer of Letters of Credit issued hereunder including the Existing Letters of Credit, as applicable, and each such Person's successors in such capacity, and any other Bank designated by Administrative Agent which (without obligation to do so) consents to issue Letters of Credit hereunder; provided, that no Letter of Credit Issuer shall be required, without the consent of such Letter of Credit Issuer, to issue Letters of Credit in excess of its LC Issuing Lender Commitment.

"**Letter of Credit Period**" means the period commencing on the Effective Date and ending five (5) Business Days prior to the Termination Date.

"**Letters of Credit**" means, collectively, standby letters of credit issued for the account of Borrower pursuant to **Section 2.1(b)** and shall include the Existing Letters of Credit, in each case as extended or otherwise modified by the applicable Letter of Credit Issuer from time to time.

"**LIBOR Rate**" means, subject to the implementation of a Replacement Rate in accordance with **Section 13.1(b)**, with respect to any Eurodollar Borrowing for any Interest Period, the rate as published by the ICE Benchmark Administration Limited, a United Kingdom company, or a comparable or successor quoting service approved by Administrative Agent, at approximately 11:00 a.m., London time, two Eurodollar Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits in the London interbank market with a maturity comparable to such Interest Period. In the event that such rate is not so published then "LIBOR Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits of an amount comparable to such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered by the principal London office of Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Eurodollar Business Days prior to the commencement of such Interest Period. Notwithstanding the foregoing, unless otherwise specified in any amendment to this Agreement entered into in accordance with **Section 13.1(b)**, in the event that a Replacement Rate with respect to LIBOR Rate is implemented, then all references herein to LIBOR Rate shall be deemed references to such Replacement Rate.

"**Lien**" means with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset; provided that a provision in a joint operating agreement, joint development agreement or other similar or customary agreement made or entered into in the ordinary course of the oil and gas business providing for the reallocation of properties owned by the parties to such agreement and subject to such agreement at the option of such a party shall not constitute a Lien. For purposes of this Agreement, a Credit Party shall be deemed to own subject to a Lien any asset which is acquired or held subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset.

"**Liquidate**," "**Liquidated**" and "**Liquidation**" when used in reference to any Hedge Agreement or any portion thereof have the correlative meanings to the term "**Swap Liquidation**".

"**Loan**" means a Revolving Loan, and "**Loans**" means all Revolving Loans.

"**Loan Papers**" means this Agreement, the Notes, the Facility Guaranty, the Mortgages, the Security Agreement, the Account Control Agreements, each other guaranty, security agreement, pledge agreement, or mortgage now or hereafter executed in connection with this Agreement, the Fee Letter, each Letter of Credit now or hereafter executed and/or delivered, and all other certificates, documents or instruments delivered in connection with this Agreement, as the foregoing may be amended from time to time.

"**March 2023 Notes**" means the 6.250% senior unsecured notes of Borrower or Predecessor Borrower, as applicable, due March 15, 2023.

"**Margin Regulations**" mean Regulations T, U and X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"**Margin Stock**" means "margin stock" as defined in Regulation U.

"**Material Acquisition**" means any acquisition of Property or series of related acquisitions of Property that involves the payment of consideration by Borrower in excess of a dollar amount equal to five percent (5%) of the then effective Borrowing Base.

"**Material Adverse Change**" means any circumstance or event that has or would reasonably be expected to have a Material Adverse Effect.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, assets, liabilities, condition (financial or otherwise), or results of operations of the Credit Parties, taken as a whole, (b) the right or ability of any Credit Party to fully, completely and timely perform its obligations under the Loan Papers, (c) the validity or enforceability of any Loan Papers against any Credit Party (to the extent a party thereto), or (d) the validity, perfection or priority of any Lien on a material portion of the assets intended to be created under or pursuant to any Loan Paper to secure the Obligations.

"**Material Agreement**" means any material written or enforceable oral agreement, contract, commitment, or understanding to which a Person is a party, by which such Person is directly or indirectly bound, or to which any assets of such Person may be subject.

"**Material Disposition**" means any sale, transfer or other disposition of Property or series of related sales, transfers or other dispositions of property that yields gross proceeds to Borrower in excess of a dollar amount equal to five percent (5%) of the then effective Borrowing Base.

"**Material Gas Imbalance**" means, with respect to all Gas Balancing Agreements to which any Credit Party is a party or by which any Mineral Interest owned by any Credit Party is bound, a net gas imbalance to Borrower or any other Credit Party, individually or taken as a whole in excess of $20,000,000. Gas imbalances will be determined based on written agreements, if any, specifying the method of calculation thereof, or, alternatively, if no such agreements are in existence, gas imbalances will be calculated by multiplying (a) the volume of gas imbalance as of the date of calculation (expressed in thousand cubic feet) by (b) the heating value in btu's per thousand cubic feet, times the Henry Hub average daily spot price for the month immediately preceding the date of calculation.

"**Maximum Credit Amount**" means, as to any Bank, the amount set forth opposite such Bank's name on **Schedule 1** under the caption "Maximum Credit Amount", as such amount may be terminated, reduced or increased from time to time in accordance with the provisions hereof.

"**Maximum Lawful Rate**" means, for each Bank, the maximum rate (or, if the context so permits or requires, an amount calculated at such rate) of interest which, at the time in question would not cause the interest charged on the portion of the Loans owed to such Bank at such time to exceed the maximum amount which such Bank would be allowed to contract for, charge, take, reserve, or receive under applicable Law after taking into account, to the extent required by applicable Law, any and all relevant payments or charges under the Loan Papers.

"**May 2022 Notes**" means the 7.375% senior unsecured notes of Borrower or Predecessor Borrower, as applicable, due May 1, 2022.

"**Medallion**" means Medallion Gathering & Processing, LLC, a Texas limited liability company, and its Subsidiaries.

"**Mineral Interests**" means rights, estates, titles, and interests in and to oil and gas leases and any oil and gas interests, royalty and overriding royalty interests, production payments, net profits interests, oil and gas fee interests, and other rights therein, including any reversionary or carried interests relating to the foregoing, together with rights, titles, and interests created by or arising under the terms of any unitization, communitization, and pooling agreements or arrangements, and all properties, rights and interests covered thereby, whether arising by contract, by order, or by operation of Law, which now or hereafter include all or any part of the foregoing.

"**Moody's**" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency.

"**Mortgages**" means all mortgages, amendments to, and amendments and restatements of, mortgages, deeds of trust, security agreements, pledge agreements and similar documents, instruments and agreements creating, evidencing, perfecting or otherwise establishing the Liens required by **Article V** as may have been heretofore or may hereafter be granted or assigned to Administrative Agent to secure payment of the Obligations or any part thereof, all as amended, supplemented, or otherwise modified from time to time. All Mortgages shall be in form and substance reasonably satisfactory to Administrative Agent.

"**Net Cash Proceeds**" means the remainder of (a) the gross cash proceeds received by any Credit Party from any Asset Disposition (including any associated Hedge Transaction termination receipts) less (b) underwriter discounts and commissions, investment banking fees, legal, accounting and other professional fees and expenses, and other usual and customary transaction costs including associated Hedge Transaction termination payments, in each case only to the extent paid or payable by a Credit Party in cash and related to such Asset Disposition.

"**Net Debt**" means, at any time, (a) all Debt of Borrower and its Subsidiaries (other than any Debt comprised of contingent obligations in respect of undrawn Letters of Credit), *minus* (b) the aggregate amount of unrestricted and unencumbered cash and Cash Equivalents of Borrower and its Subsidiaries.

"**Note**" means a promissory note of Borrower, payable to a Bank, in substantially the form of **Exhibit A** hereto, evidencing the obligation of Borrower to repay to such Bank its Commitment Percentage of the Revolving Loans, together with all modifications, extensions, renewals and rearrangements thereof, and "**Notes**" means all of the Notes.

"**Obligations**" means, collectively, all present and future indebtedness, obligations and liabilities, and all renewals and extensions thereof, or any part thereof, of each Credit Party (a) to any Bank or to any Affiliate of any Bank arising pursuant to the Loan Papers, and all interest accrued thereon and costs, expenses and reasonable attorneys' fees incurred in the enforcement or collection thereof (including any interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any Credit Party (or could accrue but for the operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such case, proceeding or other action), (b) arising under or in connection with any Hedge Transaction (i) existing on the date of this Agreement between a Credit Party and any counterparty that is a Bank or an Affiliate of a Bank on the date of this Agreement or (ii) entered into on or after the date of this Agreement between any Credit Party and any counterparty that is or was, at the time such Hedge Transaction was entered into, a Bank or an Affiliate of a Bank, in the case of this clause (b) regardless of whether such counterparty ceases to be a Bank or an Affiliate of a Bank and excluding any additional transactions or confirmations entered into after such counterparty ceases to be a Bank or an Affiliate of a Bank, or after assignment by such counterparty to another counterparty that is not a Bank or an Affiliate of a Bank, regardless in the case of the foregoing clauses (a) and (b) of whether such indebtedness, obligations and liabilities are direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several or joint and several and (c) to any Bank Products Provider in respect of Bank Products; *provided that* solely with respect to any Guarantor that is not an Eligible Contract Participant, Excluded Swap Obligations of such Guarantor shall in any event be excluded from "Obligations" owing by such Guarantor.

"**Oil and Gas Hedge Transactions**" means a Hedge Transaction pursuant to which any Person hedges the price to be received by it for future production of Hydrocarbons; provided, that for the sole purposes of **Section 9.10**, the term "Oil and Gas Hedge Transactions" shall be deemed to exclude all purchased put options or price floors for Hydrocarbons.

"**Operating Lease**" means any lease, sublease, license or similar arrangement (other than a Capital Lease and other than leases with a primary term of one year or less or which can be terminated by the lessee upon notice of one year or less without incurring a penalty) pursuant to which a Person leases, subleases or otherwise is granted the right to occupy, take possession of, or use property whether real, personal or mixed; *provided that*, "Operating Lease" shall not include oil, gas or mineral leases (or any other contract or similar arrangement excluded from the definition of lease under GAAP as in effect on December 31, 2016) entered into or assigned to any Credit Party in the ordinary course of such Credit Party's business.

"**Outstanding Revolving Credit**" means, at any time, the sum of (a) the aggregate Letter of Credit Exposure on such date, including the aggregate Letter of Credit Exposure related to Letters of Credit to be issued on such date, plus (b) the aggregate outstanding principal balance of the Revolving Loans on such date, including the amount of any Borrowing to be made on such date.

"**Participant**" has the meaning given such term in **Section 14.8(b)**.

"**Participant Register**" has the meaning given such term in **Section 14.8(c)**.

"**Periodic Determination**" means any determination of the Borrowing Base pursuant to **Section 4.2**.

"**Permitted Encumbrances**" means with respect to any asset:

(a) Liens securing the Obligations in favor of the Secured Parties or their Affiliates under the Loan Papers;

(b) easements, rights-of-way, and other similar encumbrances, and minor defects in the chain of title that are customarily accepted in the oil and gas financing industry, none of which interfere with the ordinary conduct of the business of any Credit Party or materially detract from the value or use of the property to which they apply;

(c) inchoate statutory or operators' Liens securing obligations for labor, services, materials and supplies furnished to Mineral Interests which are not delinquent;

(d) mechanic's, materialmen's, warehouseman's, journeyman's and carrier's Liens and other similar Liens arising by operation of Law or statute in the ordinary course of business which are not delinquent;

(e) Liens arising under production sales contracts, Gas Balancing Agreements and joint operating agreements, in each case that are customary in the oil and gas business, entered into in the ordinary course of business, and taken into account in computing the net revenue interests and working interests of the Credit Parties, to the extent that any such Lien referred to in this clause does not materially impair the use of the property covered by such Lien for the purposes for which such property is held by such Credit Party or materially impair the value of such property subject thereto;

(f) Liens for Taxes or assessments not yet due or not yet delinquent, or, if delinquent, that are being contested in good faith in the normal course of business by appropriate action, as permitted by **Section 8.6** and for which adequate reserves under GAAP are being maintained;

(g) royalties, overriding royalties, net profits interests, production payments, reversionary interests, calls on production, preferential purchase rights and other burdens on or deductions from the proceeds of production which are granted in the ordinary course of business in the oil and gas industry, that do not secure Debt for borrowed money and that are taken into account in computing the net revenue interests and working interests of Borrower or any of its Subsidiaries;

(h) Liens in connection with workers' compensation, unemployment insurance or other social security, old age pension or public liability obligations which are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves under GAAP are being maintained;

(i) Liens on cash or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature incurred in the ordinary course of business, or to secure letters of credit that in turn secure such obligations;

(j) judgment and attachment Liens not giving rise to an Event of Default, provided that any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker’s liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution, provided that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board and no such deposit account is intended by Borrower or any of its Subsidiaries to provide collateral to the depository institution;

(l) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by Borrower and the Subsidiaries in the ordinary course of business covering only the property under lease; and

(m) Liens securing Permitted Purchase Money Debt, *provided that* (i) such Liens shall not extend to or encumber any asset of any Credit Party other than those whose purchase was financed with such Permitted Purchase Money Debt and (ii) such Liens shall attach to such purchased assets substantially simultaneously with the purchase of such assets;

provided that, Liens described in clauses (b) through (l) shall remain “Permitted Encumbrances” only for so long as no action to enforce such Lien has been commenced and no intention to subordinate the first priority Lien granted in favor of the Administrative Agent for the benefit of the Secured Parties is to be hereby implied or expressed by the permitted existence of such Permitted Encumbrances.

"**Permitted Holders**" means, collectively, Warburg Pincus & Co., Warburg Pincus Private Equity IX, L.P., Warburg Pincus Private Equity X O&G, L.P. and Warburg Pincus X Partners, L.P. and any of the foregoing Persons' Affiliates and any fund managed or administered by any such Person or any of their Affiliates and members of management of Borrower.

"**Permitted Investment**" means:

(a) accounts receivable arising in the ordinary course of business;

(b) direct obligations of the United States or any agency thereof, or obligations fully guaranteed by the United States or any agency thereof, in each case maturing within one year from the date of creation thereof;

(c) commercial paper maturing within one year from the date of creation thereof rated in the highest grade by S&P or Moody's;

(d) deposits maturing within one year from the date of creation thereof with, including certificates of deposit issued by, any Bank or any office located in the United States of any other bank or trust company which is organized under the laws of the United States or any state thereof, has capital, surplus and undivided profits aggregating at least $100,000,000 (as of the date of such bank or trust company's most recent financial reports) and has a short term deposit rating of no lower than A2 or P2, as such rating is set forth from time to time, by S&P or Moody's, respectively;

(e) deposits in money market funds investing not less than 90% of their assets in Investments described in clauses (b), (c), or (d) above;

(f) Investments made by a Credit Party in or to another Credit Party;

(g) [RESERVED];

(h) subject to the limits of **Section 8.2**, Investments in direct ownership interests in additional Mineral Interests and gas gathering systems related thereto or related to farm-out, farm-in, joint operating, joint venture or area of mutual interest agreements, gathering systems, pipelines or other similar arrangements which are usual and customary in the oil and gas exploration and production business located within the geographic boundaries of the United States of America;

(i) entry into joint operating agreements, joint development agreements, working interests, royalty interests, mineral leases, processing agreements, farm-out agreements, contracts for the sale, transportation or exchange of oil and natural gas, unitization agreements, pooling arrangements, area of mutual interest agreements, production sharing agreements or other similar or customary agreements, transactions, properties, interests or arrangements, and Investments and expenditures in connection therewith or pursuant thereto, in each case made or entered into in the ordinary course of the oil and gas business, excluding, however, Investments in other Persons (other than any 'tax partnership,' as defined in the Code, that is deemed to be entered into by any Credit Party arising under any joint operating agreements, joint development agreements or other similar or customary agreements made or entered into in the ordinary course of the oil and gas business); provided that, none of the foregoing shall involve the incurrence of any Debt not permitted by **Section 9.1**;

(j) loans and advances to directors, officers and employees permitted by applicable Law not to exceed $2,000,000 in the aggregate at any time;

(k) Investments in stock, obligations or securities received in settlement of debts arising from Investments permitted under this definition, owing to a Credit Party as a result of a bankruptcy or other insolvency proceeding of the obligor in respect of such debts or upon the enforcement of any Lien in favor of such Credit Party; *provided that* such Credit Party shall give the Administrative Agent prompt written notice in the event that the aggregate amount of all investments held at any one time under this clause (k) exceeds $10,000,000;

(l) (i) Investments made prior to March 31, 2020, solely to the extent permitted by the Credit Agreement as in effect at the date of the making of such Investment and (ii) other Investments made from and after April 1, 2020, so long as immediately after giving effect to any such Investment (A) no Default or Event of Default exists or results therefrom, (B) undrawn Commitments are greater than or equal to thirty-five percent (35%) of the Total Commitment, (C) the Borrower will be in pro forma compliance with the financial covenant set forth in **Section 10.1(a)**, (D) the Consolidated Total Leverage Ratio on a pro forma basis is not greater than 2.50 to 1.00, and (E) the Amount of Capped Distributions, Investments and Redemptions is not greater than $100,000,000; and

(m) [RESERVED].

"**Permitted Purchase Money Debt**" means Debt incurred by a Credit Party in the ordinary course of business to finance the purchase of assets, including the interests of a lessor under a Capital Lease, provided that (a) the principal amount of the Debt secured by Liens on the purchased asset shall not exceed 100% of the purchase price of such asset and (b) the aggregate amount of all Debt secured by such Liens shall not exceed $20,000,000.

"**Permitted Refinancing Debt**" means any Debt of Borrower, and Debt constituting Guarantees thereof by other Credit Parties, incurred or issued in exchange for, or the net proceeds of which are used to extend, refinance, repay, renew, replace (whether or not contemporaneously), defease, discharge, redeem, or refund, outstanding Permitted Senior Debt, in whole or in part from time to time; *provided that* (a) the principal amount of such Permitted Refinancing Debt (or if such Permitted Refinancing Debt is issued at a discount, the initial issuance price of such Permitted Refinancing Debt) does not exceed the then outstanding principal amount of the Permitted Senior Debt so exchanged for, extended, refinanced, repaid, renewed, replaced, defeased, discharged, redeemed, or refunded (plus the amount of any premiums and accrued interest paid and fees and expenses incurred in connection therewith), (b) such Permitted Refinancing Debt has a stated maturity no earlier than the first anniversary of the Termination Date, (c) no scheduled principal payments or mandatory prepayments or redemptions are required under such Permitted Refinancing Debt prior to the stated maturity of such Permitted Refinancing Debt (other than pursuant to customary change of control or asset sale tender offer provisions), (d) as determined in good faith by senior management of Borrower, such Permitted Refinancing Debt does not contain covenants or events of default that, taken as a whole, are materially more restrictive on the Credit Parties than those in this Agreement, (e) such Permitted Refinancing Debt and any Guarantee in respect thereof is unsecured, and (f) no later than the date of issuance thereof Borrower delivers a written notice to the Administrative Agent as to the issuance of such Permitted Refinancing Debt and specifying the Permitted Senior Debt (and principal amount thereof) so exchanged for, extended, refinanced, repaid, renewed, replaced, defeased, discharged, redeemed or refunded.

"**Permitted Senior Debt**" means any Senior Notes or Permitted Refinancing Debt incurred under and in accordance with **Section 9.1(d)**.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Plan**" means any employee pension benefit plan, as defined in section 3(2) of ERISA, which (a) is currently or hereafter sponsored, maintained or contributed to by Borrower, a Subsidiary or an ERISA Affiliate or (b) was at any time during the six calendar years preceding the Closing Date, sponsored, maintained or contributed to by Borrower, a Credit Party or an ERISA Affiliate.

"**Platform**" has the meaning specified in **Section 8.1**.

"**Predecessor Borrower**" means Laredo Petroleum, Inc., a Delaware corporation which merged with and into Borrower (which was formerly known as Laredo Petroleum Holdings, Inc.) on or about December 31, 2013 with Borrower surviving such merger.

"**Proved Mineral Interests**" means, collectively, Proved Producing Mineral Interests, Proved Non-producing Mineral Interests, and Proved Undeveloped Mineral Interests.

"**Proved Non-producing Mineral Interests**" means all Mineral Interests which constitute proved developed non-producing reserves as such term is defined by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question.

"**Proved Producing Mineral Interests**" means all Mineral Interests which constitute proved developed producing reserves as such term is defined by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question.

"**Proved Undeveloped Mineral Interests**" means (a) all Mineral Interests which constitute proved undeveloped reserves as such term is defined by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question and (b) without duplication, all Mineral Interests (i) which would constitute proved undeveloped reserves but for the fact that the applicable Credit Party has not made a final investment decision to develop such Mineral Interests and (ii) which have been identified in supplemental reserve engineering material presented and delivered to Banks in connection with the most recent determination of the Borrowing Base.

"**Public Bank**" has the meaning specified in **Section 8.1**.

"**QFC**" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"**QFC Credit Support**" has the meaning set forth in **Section 14.19**.

"**Qualified ECP Guarantor**" means, with respect to any Benefitting Guarantor, in respect of any Hedge Transaction, each Credit Party that, at the time the guaranty by such Benefitting Guarantor of, or the grant by such Benefitting Guarantor of a security interest or other Lien securing, obligations under such Hedge Transaction is entered into or becomes effective with respect to, or at any other time such Benefitting Guarantor is by virtue of such guaranty or grant of a security interest or other Lien otherwise deemed to enter into, such Hedge Transaction, constitutes an Eligible Contract Participant and can cause such Benefitting Guarantor to qualify as an Eligible Contract Participant at such time by entering into a keepwell under Section 1a(18)(A)(v)(ii) of the Commodity Exchange Act.

"**Recipient**" means (a) the Administrative Agent, (b) any Bank and (c) any Letter of Credit Issuer, as applicable.

"**Recognized Value**" means, with respect to Mineral Interests, the value attributed to such Mineral Interests in the most recent Determination of the Borrowing Base pursuant to **Article IV** (or for purposes of determining the Initial Borrowing Base in the event no such Determination has occurred), based upon the present value discounted at 10% per annum of the estimated net cash flow to be realized from the production of Hydrocarbons from such Mineral Interests.

"**Redemption**" means with respect to any Debt, the repurchase, redemption, prepayment, repayment, defeasance or any other acquisition or retirement for value (or the segregation of funds with respect to any of the foregoing) of such Debt. "**Redeem**" has the correlative meaning thereto.

"**Register**" has the meaning specified in **Section 14.8(e)**.

"**Regulation U**" means Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"**Rentals**" means amounts payable by a lessee under an Operating Lease.

"**Replacement Rate**" has the meaning assigned thereto in **Section 13.1(b)**.

"**Request for Borrowing**" means a request by Borrower for a Borrowing in accordance with **Section 2.2**.

"**Request for Letter of Credit**" means a request by Borrower for a Letter of Credit in accordance with **Section 2.3**.

"**Required Banks**" means (a) as long as the Commitments are in effect, Banks having an aggregate Commitment Percentage greater than 50% of the Aggregate Maximum Credit Amount, and (b) following termination or expiration of the Commitments, Banks holding greater than 50% of the Outstanding Revolving Credit.

"**Required Reserve Value**" means both (a) Proved Mineral Interests that have a Recognized Value of not less than 85% of the Recognized Value of all Proved Mineral Interests held by Borrower and its Subsidiaries and (b) Proved Mineral Interests (without giving effect to clause (b) of the definition of Proved Undeveloped Mineral Interests) that have a Recognized Value of not less than 85% of the Recognized Value of all Proved Mineral Interests (without giving effect to clause (b) of the definition of Proved Undeveloped Mineral Interests) held by Borrower and its Subsidiaries.

"**Reserve Report**" means an unsuperseded engineering analysis of the Mineral Interests owned by Borrower and its Subsidiaries in form and substance reasonably acceptable to the Administrative Agent prepared in accordance with customary and prudent practices in the petroleum engineering industry and Financial Accounting Standards Board Statement 69. Each Reserve Report required to be delivered by March 31 of each year pursuant to **Section 4.1** shall be audited or prepared by the Approved Petroleum Engineer. Each other Reserve Report shall be prepared by Borrower's in-house staff. Notwithstanding the foregoing, in connection with any Special Determination requested by Borrower, the Reserve Report shall be in form and scope mutually acceptable to Borrower and the Administrative Agent. For purposes of **Section 4.1**, and until superseded, the Initial Reserve Report shall be considered a Reserve Report.

"**Resolution Authority**" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"**Restricted Payment**" means, with respect to any Person: (a) any Distribution by such Person, (b) the retirement, redemption or prepayment prior to the scheduled maturity by such Person or any of the Affiliates of such Person of any subordinated Debt of such Person, and (c) the redemption of such Person's stock or Equity (other than, in each case, (i) the Obligations and (ii) any Distribution by a Subsidiary of Borrower to Borrower or any other Subsidiary of Borrower).

"**Revolving Availability**" means, at any time: (a) the Total Commitment in effect at such time minus (b) the Outstanding Revolving Credit at such time.

"**Revolving Loans**" means the revolving loans, in an aggregate amount outstanding at any time not to exceed the amount of the Total Commitment then in effect, to be made by Banks to Borrower pursuant to the Commitments of the Banks.

"**Rolling Period**" means (a) for the Fiscal Quarters ending on March 31, 2017, June 30, 2017, and September 30, 2017, the applicable period commencing on January 1, 2017 and ending on the last day of such applicable Fiscal Quarter, (b) solely to the extent that the Sabalo Acquisition Closing Date occurs prior to August 1, 2021, for the Fiscal Quarters ending on September 30, 2021, December 31, 2021 and March 31, 2022, the applicable period commencing on July 1, 2021 and ending on the last day of such applicable Fiscal Quarter and (c) for all other Fiscal Quarters not applicable to clauses (a) and (b) above, any period of four (4) consecutive Fiscal Quarters ending on the last day of such applicable Fiscal Quarter.

"**Rollover Notice**" has the meaning given such term in **Section 2.5(c)**.

"**S&P**" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., and any successor thereto that is a nationally recognized rating agency.

"**Sabalo**" means, collectively, Sabalo Energy, LLC, a Texas limited liability company and Sabalo Operating, LLC, a Texas limited liability company.

"**Sabalo Acquisition**" means the Acquisition by Borrower of the Sabalo Assets pursuant to that certain Purchase and Sale Agreement dated as of May 7, 2021 (as in effect on the Sixth Amendment Effective Date, the "**Sabalo Acquisition Agreement**") between Borrower, as "Purchaser", and Sabalo, as "Seller", pursuant to which Borrower will acquire the "Assets" (as defined in the Sabalo Acquisition Agreement as in effect on the Sixth Amendment Effective Date; such assets herein referred to as the "**Sabalo Assets**") (the date such Acquisition is consummated, the "**Sabalo Acquisition Closing Date**").

"**Sabalo Acquisition Agreement**" has the meaning given to such term in the definition of Sabalo Acquisition.

"**Sabalo Acquisition Agreement Closing Date**" has the meaning given to such term in the definition of Sabalo Acquisition.

"**Sabalo Assets**" has the meaning given to such term in the definition of Sabalo Acquisition.

"**Sabalo Third Party Reserve Report**" means the reserve report or engineering database prepared by W.D. Von Gonten & Co. evaluating the Mineral Interests of the Sabalo Assets (including all Proved Mineral Interests as of April 1, 2021).

"**Sanctioned Country**" means, at any time, a country, territory or region which is itself the subject or target of any Sanctions.

"**Sanctioned Person**" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person that is owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"**Sanctions**" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"**Schedule**" means a "schedule" attached to this Agreement and incorporated herein by reference, unless specifically indicated otherwise.

"**SEC**" means the Securities and Exchange Commission or any successor Governmental Authority.

"**Secured Parties**" means, collectively, the Administrative Agent, the Banks, the Letter of Credit Issuers, the Bank Products Providers and each counterparty to a Hedge Agreement pursuant to which Obligations may be owing from time to time (to the extent of such Obligations), and "**Secured Party**" means any of them individually.

"**Security Agreement**" means an amended and restated security and pledge agreement substantially in the form of **Exhibit H** hereto to be executed by Borrower and each existing and future Subsidiary of Borrower, together with each other security and pledge agreement or joinder or supplement thereto delivered pursuant to **Article V** or otherwise, in each case as amended, supplemented, or otherwise modified from time to time.

"**Senior Notes**" means any unsecured senior Debt securities (whether registered or privately placed) incurred pursuant to a Senior Notes Indenture.

"**Senior Notes Indenture**" means any indenture among Borrower or Predecessor Borrower, as applicable, as issuer, the subsidiary guarantors party thereto and the trustee named therein, pursuant to which Senior Notes are issued, as the same may be amended or supplemented in accordance with **Section 9.13**.

"**Senior Secured Debt**" shall mean, as of any date and without duplication, all Debt of the types described in clauses (a), (b) and (c) (other than intercompany Indebtedness owing to Borrower or any Subsidiary), and clause (e) of the definition thereof (provided that the amount of any such Indebtedness issued at a discount to its face value shall be determined in accordance with GAAP), in each case, that is not Subordinated Debt and that is secured by a Lien on any assets of the Credit Parties.

"**Sixth Amendment**" means that certain Sixth Amendment to Fifth Amended and Restated Credit Agreement dated as of the Sixth Amendment Effective Date by and among Borrower, Administrative Agent and Banks party thereto.

"**Sixth Amendment Effective Date**" means May 7, 2021.

"**Sixth Street**" means Piper Investments Holdings, LLC, a Delaware limited liability company.

"**Solvent**" means, with respect to any Person or any group of Persons as of any date, that (a) the value of the assets of such Person or group (both at fair value and present fair saleable value) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person or group as of such date, (b) as of such date, such Person or group is able to pay all liabilities of such Person or group as such liabilities mature, and (c) as of such date, such Person or group does not have unreasonably small capital given the nature of its business, in each case within the meaning of such terms under the Bankruptcy Code. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities shall be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"**Special Determination**" means any determination of the Borrowing Base pursuant to **Article IV** or **Section 8.11** other than a Periodic Determination.

"**Specified Acquisition**" means any Acquisition for which: (a) a binding and enforceable purchase and sale agreement has been signed by a Credit Party; (b) at the time of the signing of the applicable purchase and sale agreement, the ratio of Revolving Availability to the then effective total Commitments is at least 0.10 to 1.0, and (c) the aggregate volumes hedged with respect to the reasonably anticipated projected production from Proved Mineral Interests (without giving effect to clause (b) of the definition of Proved Undeveloped Mineral Interests) to be acquired in all pending Specified Acquisitions that have not yet been consummated shall not exceed 15.0% of the Credit Parties' reasonably anticipated projected production from Proved Mineral Interests (without giving effect to all such pending Specified Acquisitions).

"**Specified EBITDAX Adjustments**" means the amount that may be added to Consolidated Net Income in the calculation of Consolidated EBITDAX (or, in the case of each Rolling Period ending (i) on or prior to September 30, 2017 and (ii) solely to the extent the Sabalo Acquisition Closing Date occurs prior to August 1, 2021, on September 30, 2021, December 31, 2021 and March 31, 2022, the amount that may be included in the calculation of Annualized Consolidated EBITDAX) attributable to the proportional (based on Borrower's direct or indirect economic ownership percentage of Medallion as of such date) Consolidated EBITDAX of Medallion for any Rolling Period or portion thereof for which the declaration or payment of dividends or similar distribution by Medallion was (x) not prohibited by operation of the terms of its charter or any agreement, instrument or Laws applicable to Medallion and (y) not otherwise conditioned, limited, restricted or prohibited, in each case determined in accordance with GAAP; *provided* that calculation of such amount shall be done in a manner reasonably acceptable to the Administrative Agent and for which Borrower has provided supporting details and information for such calculation.

"**Specified Senior Notes Repurchases**" means Redemptions permitted and made pursuant to **Section 9.13(a)** from and after the Fifth Amendment Effective Date.

"**Subordinated Debt**" shall mean the collective reference to any Debt of any Credit Party that is subordinated in right and time of payment to the Obligations and containing such other terms and conditions, in each case as are reasonably satisfactory to the Administrative Agent.

"**Subsidiary**" means, for any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions (including that of a general partner) are at the time directly or indirectly owned, collectively, by such Person and any Subsidiaries of such Person. The term "Subsidiary" shall include Subsidiaries of Subsidiaries (and so on).

"**Super Majority Banks**" means (a) as long as the Commitments are in effect, Banks having an aggregate Commitment Percentage of 66-2/3% or more of the Aggregate Maximum Credit Amount, and (b) following termination or expiration of the Commitments, Banks holding 66-2/3% or more of the Outstanding Revolving Credit.

"**Supported QFC**" has the meaning set forth in **Section 14.19**.

"**Swap Liquidation**" means the sale, assignment, novation, liquidation, unwind or termination of all or any part of any Hedge Agreement (other than, in each case, at its scheduled maturity).

"**Taxes**" means all taxes, assessments, filing or other fees, levies, imposts, duties, deductions, withholdings, stamp taxes, interest equalization taxes, capital transaction taxes, foreign exchange taxes or other charges, or other charges of any nature whatsoever, from time to time or at any time imposed by Law or any federal, state or local governmental agency. "**Tax**" means any one of the foregoing.

"**Termination Date** means the earliest to occur of (a) October 17, 2021, if any of the January 2022 Notes are outstanding other than in the form of Permitted Refinancing Debt on October 17, 2021; (b) December 15, 2022, if any of the March 2023 Notes are outstanding other than in the form of Permitted Refinancing Debt on December 15, 2022; and (c) April 19, 2023, or any earlier date on which the Commitments are terminated in full pursuant to **Section 2.9** or **Section 11.1**.

"**Third Amendment Effective Date**" means April 19, 2018.

"**Total Commitment**" means all of the Banks' Commitments.

"**Total Debt**" means, as of any date, all Debt of Borrower and its Subsidiaries.

"**Tranche**" means an Adjusted Base Rate Tranche or a Eurodollar Tranche and "**Tranches**" means Adjusted Base Rate Tranches or Eurodollar Tranches or any combination thereof.

"**Type**" means with reference to a Tranche, the characterization of such Tranche as an Adjusted Base Rate Tranche or a Eurodollar Tranche based on the method by which the accrual of interest on such Tranche is calculated.

"**UK Financial Institution**" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"**UK Resolution Authority**" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"**U.S. Person**" means any Person that is a "United States Person" as defined in Section 7701(a)(3) of the Code.

"**U.S. Special Resolution Regimes**" has the meaning set forth in **Section 14.19**.

"**U.S. Tax Compliance Certificate**" has the meaning assigned to such term in **Section 13.6(d)**.

"**Withholding Agent**" means any Credit Party or the Administrative Agent.

"**Write-Down and Conversion Powers**" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.3 Accounting Terms and Determinations. Unless otherwise specified herein (including, in the definitions of Capital Lease and Operating Lease), all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of Borrower and its Consolidated Subsidiaries delivered to Banks except for changes in which Borrower's independent certified public accountants concur and which are disclosed to Administrative Agent on the next date on which financial statements are required to be delivered to Banks pursuant to **Section 8.1(a)** and **Section 8.1(b)**; *provided that*, unless Borrower and Required Banks shall otherwise agree in writing, no such change shall modify or affect the manner in which compliance with the covenants contained in **Section 9.11** or **Article X** are computed such that all such computations shall be conducted utilizing financial information presented consistently with prior periods. Any financial ratios required to be maintained by Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.4 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (*e.g.*, a "**Eurodollar Loan**"). Borrowings also may be classified and referred to by Type (*e.g.*, a "**Eurodollar Borrowing**").

Section 1.5 Interpretation. As used herein, the term "including" in its various forms means including without limitation. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in the Loan Papers), (b) any reference herein to any Law shall be construed as referring to such Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to the restrictions contained in the Loan Papers), (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) with respect to the determination of any time period, the word "from" means "from and including" and the word "to" means "to and including" and (f) any reference herein to Articles, Sections, Annexes, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable). No provision of this Agreement or any other Loan Paper shall be interpreted or construed against any Person solely because such Person or its legal representative drafted such provision.

Section 1.6 Rates. Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "LIBOR Rate".

ARTICLE II
THE CREDIT FACILITIES

Section 2.1 Commitments.

(a) Subject to **Section 2.1(c)** and the other terms and conditions set forth in this Agreement, each Bank severally agrees to lend to Borrower from time to time prior to the Termination Date amounts not to exceed in the aggregate at any one time outstanding, the amount of such Bank's Commitment less such Bank's Letter of Credit Exposure, to the extent any such Loan would not cause the Outstanding Revolving Credit to exceed the Total Commitment. Each Borrowing shall (i) be in an aggregate principal amount of $1,000,000 or any larger integral multiple of $100,000, and (ii) be made from each Bank ratably in accordance with its respective Commitment Percentage. Subject to the foregoing limitations and the other provisions of this Agreement, Borrower may borrow under this **Section 2.1(a)**, repay amounts borrowed under this **Section 2.1(a)** and request new Borrowings under this **Section 2.1(a)**.

(b) The Letter of Credit Issuers will issue Letters of Credit, from time to time during the Letter of Credit Period upon request by Borrower, for the account of Borrower, so long as (i) the aggregate Letter of Credit Exposure of all Banks shall not exceed $80,000,000, (ii) the aggregate undrawn and unexpired amount of all outstanding Letters of Credit issued by each Letter of Credit Issuer shall not exceed such Letter of Credit Issuer's LC Issuing Lender Commitment, and (iii) Borrower would be entitled to a Borrowing under Section 2.1(c) and Section 6.2 in the amount of the requested Letter of Credit; provided that, (i) the Letter of Credit Issuers shall not be under any obligation to issue any Letter of Credit if a default of any Bank's obligations to fund under **Section 2.1** exists or any Bank is at such time a Defaulting Bank hereunder, unless the Letter of Credit Issuer has entered into arrangements satisfactory to Letter of Credit Issuer with Borrower or such Bank to eliminate the Letter of Credit Issuer's risk with respect to such Bank and (ii) in connection with the issuance of any Letter of Credit, such Letter of Credit Issuer (other than Wells Fargo Bank, N.A.), shall confirm with the Administrative Agent that following the issuance of such Letter of Credit, the aggregate Letter of Credit Exposure of all Banks does not exceed $80,000,000.. Not less than three Business Days prior to the requested date of issuance of any such Letter of Credit, Borrower shall execute and deliver to Letter of Credit Issuer, Letter of Credit Issuer's customary letter of credit application ("**Letter of Credit Application**"). Each Letter of Credit shall be in form and substance acceptable to Letter of Credit Issuer. Unless otherwise expressly agreed by the Letter of Credit Issuer and Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the ISP shall apply to each standby Letter of Credit. No Letter of Credit shall have an expiration date later than the earlier of (1) five Business Days prior to the Termination Date and (2) one year from the date of issuance and no Letter of Credit shall be issued in a currency other than Dollars. Upon the date of issuance of a Letter of Credit, Letter of Credit Issuer shall be deemed to have sold to each other Bank, and each other Bank shall be deemed to have unconditionally and irrevocably purchased from Letter of Credit Issuer, a non-recourse participation in the related Letter of Credit and Letter of Credit Exposure equal to such Bank's Commitment Percentage of such Letter of Credit and Letter of Credit Exposure. Upon request of any Bank, Administrative Agent shall provide notice to each Bank by telephone or facsimile setting forth each Letter of Credit issued and outstanding pursuant to the terms hereof and specifying the Letter of Credit Issuer, beneficiary and expiration date of each such Letter of Credit, each Bank's participation percentage of each such Letter of Credit and the actual dollar amount of each Bank's participation held by Letter of Credit Issuer(s) thereof for such Bank's account and risk. In connection with the issuance of Letters of Credit hereunder, Borrower shall pay to Administrative Agent in respect of such Letters of Credit (a) the applicable Letter of Credit Fee in accordance with **Section 2.12**, (b) the applicable Letter of Credit Fronting Fee in accordance with **Section 2.12**, and (c) all customary administrative, issuance, amendment, payment, and negotiation charges of the Letter of Credit Issuer; *provided that*, no such Letter of Credit Fee shall accrue or be deemed to have accrued, or be owing or payable by Borrower to the Administrative Agent or any Letter of Credit Issuer for the account of any Defaulting Bank with respect to its share of such Letter of Credit Fee in the event Borrower has entered into an arrangement with or provided cash collateral to the applicable Letter of Credit Issuer with respect to such Letter of Credit Issuer's risk with respect to such Bank's obligation to fund its Commitment Percentage share of the aggregate existing Letter of Credit Exposure with respect to such Letter of Credit. Administrative Agent shall distribute the Letter of Credit Fee to Banks in accordance with their respective Commitment Percentages, and Administrative Agent shall distribute the Letter of Credit Fronting Fee, and the charges described in clause (c) of the immediately preceding sentence, to the Letter of Credit Issuer for its own account. Any amendment, modification, renewal or extension of any Letter of Credit shall be deemed to be the issuance of a new Letter of Credit for purposes of this **Section 2.1(b)**.

Upon the occurrence of an Event of Default, Borrower shall, on the next succeeding Business Day, deposit with Administrative Agent such funds as Administrative Agent may request, up to a maximum amount equal to the aggregate existing Letter of Credit Exposure of all Banks. Any funds so deposited shall be held by Administrative Agent for the ratable benefit of all Banks as security for the outstanding Letter of Credit Exposure and the other Obligations, and Borrower will, in connection therewith, execute and deliver such security agreements and other security documents in form and substance satisfactory to Administrative Agent which it may, in its discretion, require. As drafts or demands for payment are presented under any Letter of Credit, Administrative Agent shall apply such funds to satisfy such drafts or demands. When all Letters of Credit have expired and the Obligations have been repaid in full (and the Commitments of all Banks have terminated) or such Event of Default has been cured to the satisfaction of Required Banks, Administrative Agent shall release to Borrower any remaining funds deposited under this **Section 2.1(b)**. Whenever Borrower is required to make deposits under this **Section 2.1(b)** and fails to do so on the day such deposit is due, Administrative Agent or any Bank may, without notice to Borrower, make such deposit (whether by application of proceeds of any collateral for the Obligations, by transfers from other accounts maintained with any Bank or otherwise) using any funds then available to any Bank of Borrower, any guarantor, or any other Person liable for all or any part of the Obligations.

In the event there exists one or more Defaulting Bank, Borrower shall, on the next succeeding Business Day following request from the Administrative Agent, deposit with Administrative Agent such funds as Administrative Agent may reasonably request, up to a maximum Letter of Credit Exposure attributable to such Defaulting Bank(s) as security for such Defaulting Bank's Letter of Credit Exposure. As drafts or demands for payment are presented under any Letter of Credit, Administrative Agent shall apply such funds to satisfy drafts or demands attributable to such Defaulting Bank(s). When there are no longer any Defaulting Banks or no longer any Letters of Credit outstanding, the Administrative Agent shall release to Borrower any remaining funds deposited under this paragraph.

Notwithstanding anything to the contrary contained herein, Borrower hereby agrees to reimburse each Letter of Credit Issuer, in immediately available funds, for any payment or disbursement made by such Letter of Credit Issuer under any Letter of Credit issued by it (x) on the same Business Day such Letter of Credit Issuer makes demand for such reimbursement if such demand is made at or prior to 11:00 a.m. (New York, New York time) and (y) on the next Business Day after such demand for reimbursement if such demand is made after 11:00 a.m. (New York, New York time). Payment shall be made by Borrower with interest on the amount so paid or disbursed by Letter of Credit Issuer from and including the date payment is made under any Letter of Credit to but excluding the date of payment, at the lesser of (i) the Maximum Lawful Rate, or (ii) the Default Rate. The obligations of Borrower under this paragraph will continue until all Letters of Credit have expired and all reimbursement obligations with respect thereto have been paid in full by Borrower and until all other Obligations shall have been paid in full.

The reimbursement obligations of Borrower under this **Section 2.1(b)** shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of the Loan Papers (including any Letter of Credit Application executed pursuant to this **Section 2.1(b)**) under and in all circumstances whatsoever and Borrower hereby waives any defense to the payment of such reimbursement obligations based on any circumstance whatsoever, including in any case, the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit; (ii) the existence of any claim, set-off, counterclaim, defense or other rights which Borrower or any other Person may have at any time against any beneficiary of any Letter of Credit, Administrative Agent, any Bank or any other Person, whether in connection with any Letter of Credit or any unrelated transaction; (iii) any statement, draft or other documentation presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; (iv) payment by the Letter of Credit Issuer under any Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; or (v) any other circumstance whatsoever, whether or not similar to any of the foregoing.

As among Borrower on the one hand, Administrative Agent, and each Bank, on the other hand, Borrower assumes all risks of the acts and omissions of, or misuse of Letters of Credit by, the beneficiary of such Letters of Credit. In furtherance and not in limitation of the foregoing, neither Administrative Agent, Letter of Credit Issuer nor any Bank shall be responsible for:

(A) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any Person in connection with the application for and issuance of and presentation of drafts with respect to any Letter of Credit, even if it should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(B) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign the Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(C) the failure of the beneficiary of the Letter of Credit to comply duly with conditions required in order to draw upon such Letter of Credit;

(D) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, or otherwise, whether or not they be in cipher;

(E) errors in interpretation of technical terms;

(F) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof;

(G) the misapplication by the beneficiary of the Letter of Credit of the proceeds of any drawing under such Letter of Credit; or

(H) any consequences arising from causes beyond the control of the Administrative Agent or any Bank.

Borrower shall be obligated to reimburse each Letter of Credit Issuer through the Administrative Agent upon demand for all amounts paid under Letters of Credit as set forth in the third paragraph of this **Section 2.1(b)**; *provided that*, if Borrower for any reason fails to reimburse such Letter of Credit Issuer in full when such reimbursement is required under such paragraph, Banks shall reimburse such Letter of Credit Issuer in accordance with each Bank's Commitment Percentage for amounts due and unpaid from Borrower as set forth hereinbelow; *provided further that*, no such reimbursement made by Banks shall discharge Borrower's obligations to reimburse Letter of Credit Issuer. All reimbursement amounts payable by any Bank under this **Section 2.1(b)** shall include interest thereon at the Federal Funds Rate, from the date of the payment of such amounts by any Letter of Credit Issuer to but excluding the date of reimbursement by such Bank. No Bank shall be liable for the performance or nonperformance of the obligations of any other Bank under this paragraph. The reimbursement obligations of Banks under this paragraph shall continue after the Termination Date and shall survive termination of this Agreement and the other Loan Papers.

On the Effective Date, without further action by any party hereto, the applicable Letter of Credit Issuer for each Existing Letter of Credit shall be deemed to have granted to each Bank, and each Bank shall be deemed to have acquired from such Letter of Credit Issuer, a participation in each of the Existing Letters of Credit equal to such Bank's Commitment Percentage of (a) the aggregate amount available to be drawn under such Existing Letters of Credit and (b) the aggregate amount of any outstanding reimbursement obligations in respect thereof. On and after the Effective Date, each of the Existing Letters of Credit shall be a Letter of Credit issued hereunder.

Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; *provided that*, with respect to any Letter of Credit that, by its terms or the terms of any Letter of Credit Application or other document related to such Letter of Credit, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

(c) No Bank will be obligated to lend to Borrower or incur Letter of Credit Exposure under this **Section 2.1**, and Borrower shall not be entitled to borrow hereunder or obtain Letters of Credit hereunder (i) if the amount of the Outstanding Revolving Credit exceeds the Total Commitment at such time, or (ii) in an amount which would cause the Outstanding Revolving Credit to exceed the Total Commitment. Nothing in this **Section 2.1(c)** shall be deemed to limit any Bank's obligation to reimburse any Letter of Credit Issuer with respect to such Bank's participation in Letters of Credit issued by such Letter of Credit Issuer as provided in **Section 2.1(b)**.

Section 2.2 Method of Borrowing.

(a) In order to request any Borrowing hereunder, Borrower shall hand deliver or telecopy to Administrative Agent a duly completed Request for Borrowing (i) prior to 10:00 a.m. (Central time) at least one (1) Business Day before the Borrowing Date of a proposed Adjusted Base Rate Borrowing, and (ii) prior to 10:00 a.m. (Central time) at least three (3) Eurodollar Business Days before the Borrowing Date of a proposed Eurodollar Borrowing. Each such Request for Borrowing shall be substantially in the form of **Exhibit B** hereto, and shall specify:

(A) whether such Borrowing is to be an Adjusted Base Rate Borrowing or a Eurodollar Borrowing;

(B) the Borrowing Date of such Borrowing, which shall be a Business Day in the case of an Adjusted Base Rate Borrowing, or a Eurodollar Business Day in the case of a Eurodollar Borrowing;

(C) the aggregate amount of such Borrowing;

(D) in the case of a Eurodollar Borrowing, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period;

(E) the Outstanding Revolving Credit exposure on the date thereof;

(F) the *pro forma* Outstanding Revolving Credit exposure (giving effect to the requested Borrowing); and

(G) after giving effect to such Borrowing, the Credit Parties, taken as a whole will be Solvent.

(b) Upon receipt of a Request for Borrowing described in **Section 2.2(a)**, Administrative Agent shall promptly notify each Bank (as applicable) of the contents thereof and the amount of the Borrowing to be loaned by such Bank pursuant thereto, and such Request for Borrowing shall not thereafter be revocable by Borrower.

(c) Not later than 12:00 noon (Central time) on the date of each Borrowing, each Bank shall make available its Commitment Percentage of such Borrowing, in funds immediately available to Administrative Agent at its address set forth on **Schedule 1** hereto. Unless Administrative Agent determines that any applicable condition specified in **Section 6.2** has not been satisfied, Administrative Agent will make the funds so received from Banks available to Borrower at Administrative Agent's aforesaid address.

Section 2.3 Method of Requesting Letters of Credit.

(a) In order to request any Letter of Credit hereunder, Borrower shall hand deliver or telecopy to the proposed Letter of Credit Issuer with a copy to the Administrative Agent a duly completed Request for Letter of Credit prior to 10:00 a.m. (Central time) at least three Business Days before the date specified for issuance of such Letter of Credit. Each Request for Letters of Credit shall be substantially in the form of **Exhibit C** hereto, shall be accompanied by the applicable Letter of Credit Issuer's duly completed and executed Letter of Credit Application and agreement and shall specify:

(i) the requested date for issuance of such Letter of Credit;

(ii) the terms of such requested Letter of Credit, including the name and address of the beneficiary, the stated amount, the expiration date and the conditions under which drafts under such Letter of Credit are to be available;

(iii) the purpose of such Letter of Credit;

(iv) the Outstanding Revolving Credit exposure on the date thereof;

(v) the *pro forma* total Outstanding Revolving Credit exposure (giving effect to the requested Letter of Credit issuance); and

(vi) after giving effect to the issuance of such Letter of Credit, the Credit Parties, taken as a whole will be Solvent.

(b) Upon receipt of a Request for Letter of Credit described in **Section 2.3(a)**, Administrative Agent shall promptly notify each Bank of the contents thereof, including the amount of the requested Letter of Credit, and such Request for Letter of Credit shall not thereafter be revocable by Borrower.

(c) No later than 12:00 noon (Central time) on the date specified for the issuance of such Letter of Credit, unless Administrative Agent notifies the applicable Letter of Credit Issuer that any applicable condition precedent set forth in **Section 6.2** has not been satisfied, the applicable Letter of Credit Issuer will issue and deliver such Letter of Credit pursuant to the instructions of Borrower.

Section 2.4 Notes. If requested by a Bank, the Loans made by each Bank shall be evidenced by a single promissory note of Borrower in substantially the form of **Exhibit A**, dated, in the case of (a) any Bank party hereto as of the date of this Agreement, (b) any Bank that becomes a party hereto pursuant to an Assignment and Assumption, as of the effective date of the Assignment and Assumption, or (c) any Bank that becomes a party hereto in connection with an increase in the Aggregate Elected Commitment Amounts pursuant to **Section 2.16**, as of the effective date of such increase, payable to such Bank in a principal amount equal to its Maximum Credit Amount as in effect on such date, and otherwise duly completed. In the event that any Bank's Maximum Credit Amount increases or decreases for any reason (whether pursuant to **Section 2.16**, **Section 14.8(d)** or otherwise), Borrower shall deliver or cause to be delivered, to the extent such Bank is then holding a Note, on the effective date of such increase or decrease, a new Note payable to such Bank in a principal amount equal to its Maximum Credit Amount after giving effect to such increase or decrease, and otherwise duly completed. The date, amount, Type, interest rate and, if applicable, Interest Period of each Loan made by each Bank, and all payments made on account of the principal thereof, shall be recorded by such Bank on its books for its Note. Failure to make any such recordation shall not affect any Bank's or Borrower's rights or obligations in respect of such Loans or affect the validity of such transfer by any Bank of its Note.

Section 2.5 Interest Rates; Payments.

(a) The principal amount of the Loans outstanding from day to day which is the subject of an Adjusted Base Rate Tranche shall bear interest (computed on the basis of actual days elapsed in a 365 or 366 day year, as applicable) at a rate per annum equal to the sum of (i) the Adjusted Base Rate, plus (ii) the Applicable Margin; *provided that* in no event shall the rate charged hereunder exceed the Maximum Lawful Rate. Interest on any portion of the principal of the Loans subject to an Adjusted Base Rate Tranche shall be payable as it accrues on the last day of each Fiscal Quarter.

(b) The principal amount of the Loans outstanding from day to day which is the subject of a Eurodollar Tranche shall bear interest (computed on the basis of actual days elapsed and as if each calendar year consisted of 360 days, unless such computation would exceed the Maximum Lawful Rate in which case interest shall be computed on the basis of actual days elapsed in a 365 or 366 day year, as applicable) for the Interest Period applicable thereto at a rate per annum equal to the sum of (i) the Adjusted LIBOR Rate, plus (ii) the Applicable Margin; *provided, that* in no event shall the rate charged hereunder exceed the Maximum Lawful Rate. Interest on any portion of the Loans subject to a Eurodollar Tranche having an Interest Period of six (6) or twelve (12) months shall be payable on the last day of such Interest Period and on the last day of the initial three-month period and, as applicable, each subsequent, three-month period during such Interest Period.

(c) So long as no Default or Event of Default shall be continuing, subject to the provisions of this **Section 2.5**, Borrower shall have the option of having all or any portion of the principal outstanding under the Loans borrowed by it be the subject of an Adjusted Base Rate Tranche or one or more Eurodollar Tranches, which shall bear interest at rates based upon the Adjusted Base Rate and the Adjusted LIBOR Rate, respectively (each such option is referred to herein as an "**Interest Option**"); *provided that* each Tranche shall be in a minimum amount of $1,000,000 and shall be in an amount which is an integral multiple of $100,000. Each change in an Interest Option made pursuant to this **Section 2.5(c)** shall, for purposes of determining how much of the Loans are the subject of an Adjusted Base Rate Tranche and how much of the Loans are the subject of Eurodollar Tranches only, be deemed both a payment in full of the portion of the principal of the Loans which was the subject of the Adjusted Base Rate Tranche or Eurodollar Tranche from which such change was made and a Borrowing (notwithstanding that the unpaid principal amount of the Loans is not changed thereby) of the portion of the principal of the Loans which is the subject of the Adjusted Base Rate Tranche or Eurodollar Tranche into which such change was made. Prior to the termination of each Interest Period with respect to each Eurodollar Tranche, Borrower shall give written notice (a "**Rollover Notice**") in the form of **Exhibit D** attached hereto to Administrative Agent of the Interest Option which shall be applicable to such portion of the principal of the Loans upon the expiration of such Interest Period. Such Rollover Notice shall be given to Administrative Agent at least one (1) Business Day, in the case of an Adjusted Base Rate Tranche selection and at least three (3) Eurodollar Business Days, in the case of a Eurodollar Tranche selection, prior to the termination of the Interest Period then expiring. If Borrower shall specify a Eurodollar Tranche, such Rollover Notice shall also specify the length of the succeeding Interest Period (subject to the provisions of the definitions of such term) selected by Borrower. Each Rollover Notice shall be irrevocable and effective upon notification thereof to Administrative Agent. If the required Rollover Notice shall not have been timely received by Administrative Agent, Borrower shall be deemed to have elected that the principal of any Revolving Loan subject to the Interest Period then expiring be the subject of an Adjusted Base Rate Tranche upon the expiration of such Interest Period, and Borrower will be deemed to have given Administrative Agent notice of such election. Subject to the limitations set forth in this **Section 2.5(c)** on the minimum amount of Eurodollar Tranches, Borrower shall have the right to convert all or part of the Adjusted Base Rate Tranche to a Eurodollar Tranche by giving Administrative Agent a Rollover Notice of such election at least three (3) Eurodollar Business Days prior to the date on which Borrower elects to make such conversion (a "**Conversion Date**"). The Conversion Date selected by Borrower shall be a Eurodollar Business Day. Notwithstanding anything in this **Section 2.5** to the contrary, no portion of the principal of any Revolving Loan which is the subject of an Adjusted Base Rate Tranche may be converted to a Eurodollar Tranche and no Eurodollar Tranche may be continued as such when any Default or Event of Default has occurred and is continuing, but each such Tranche shall be automatically converted to an Adjusted Base Rate Tranche on the last day of each applicable Interest Period. No Eurodollar Tranche may be converted by Borrower into an Adjusted Base Rate Tranche, except at the end of an Interest Period. In no event shall more than ten (10) Interest Periods be in effect with respect to the Loans at any time.

(d) Notwithstanding anything to the contrary set forth in **Section 2.5(a)** or **Section 2.5(b)**, all overdue principal of and, to the extent permitted by Law, overdue interest on the Loans and all other Obligations which are not paid in full when due (whether at stated maturity, by acceleration or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full, shall bear interest, at a rate per annum equal to the lesser of (i) the Default Rate, and (ii) the Maximum Lawful Rate. Interest payable as provided in this **Section 2.5(d)** shall be payable from time to time on demand.

(e) Administrative Agent shall determine each interest rate applicable to the Loans in accordance with the terms hereof. Administrative Agent shall promptly notify Borrower and Banks by telecopy or e-mail of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(f) Notwithstanding the foregoing, if at any time the rate of interest calculated with reference to the Adjusted Base Rate or the LIBOR Rate hereunder (as used in this sub-section, the "**contract rate**") is limited to the Maximum Lawful Rate, any subsequent reductions in the contract rate shall not reduce the rate of interest on the Loans below the Maximum Lawful Rate until the total amount of interest accrued equals the amount of interest which would have accrued if the contract rate had at all times been in effect. In the event that at maturity (stated or by acceleration), or at final payment of any Loan after termination of the Commitment, the total amount of interest paid or accrued on such Loan is less than the amount of interest which would have accrued if the contract rate had at all times been in effect with respect thereto, then at such time, to the extent permitted by Law, Borrower shall pay to the holder of such Loan an amount equal to the difference between (i) the lesser of the amount of interest which would have accrued if the contract rate had at all times been in effect and the amount of interest which would have accrued if the Maximum Lawful Rate had at all times been in effect, and (ii) the amount of interest actually paid on such Loan.

Section 2.6 Mandatory Prepayments.

(a) Promptly after the consummation by any Credit Party of any Asset Disposition that creates a Borrowing Base Deficiency pursuant to **Section 4.6**, Borrower shall apply a portion of the Net Cash Proceeds equal to such Borrowing Base Deficiency as a mandatory prepayment on the Loans. Promptly after the consummation by any Credit Party of any Asset Disposition that requires a prepayment pursuant to **Section 9.5(d)**, Borrower shall prepay the Loans in accordance therewith. Notwithstanding the foregoing, if a Default or Event of Default exists on the date of the consummation of any Asset Disposition, all Net Cash Proceeds from any such Asset Disposition shall be applied as a mandatory prepayment on the Loans in accordance with **Section 3.2(c)**.

(b) Upon any reduction of the Aggregate Maximum Credit Amount or the Aggregate Elected Commitment Amount that results in the Outstanding Revolving Credit exceeding the Total Commitment, Borrower shall make a mandatory prepayment to the extent required under **Section 2.9**.

(c) Promptly after any automatic adjustment to the Borrowing Base pursuant to **Section 2.15** that creates a Borrowing Base Deficiency, Borrower shall effect a mandatory prepayment of the Loans equal to such Borrowing Base Deficiency.

(d) If, at the end of the last Business Day of any calendar week commencing October 30, 2020, the Consolidated Cash Balance exceeds $50,000,000, then Borrower shall, on the next Business day, effect a mandatory prepayment of the Loans in an aggregate principal amount equal to such excess.

Section 2.7 Voluntary Prepayments. Borrower may, subject to **Section 3.3** and the other provisions of this Agreement, upon (a) same-Business Day advance notice (no later than 11:00 a.m. (Central time)) to Administrative Agent with respect to Adjusted Base Rate Borrowings, and (b) three (3) Business Days' advance notice (no later than 11:00 a.m. (Central time)) to Administrative Agent with respect to Eurodollar Borrowings, prepay the principal of the Loans in whole or in part. Any partial prepayment shall be in a minimum amount of $100,000 and shall be in an integral multiple of $100,000.

Section 2.8 Mandatory Termination of Commitments; Termination Date and Maturity. The Total Commitment (and the Commitment of each Bank) shall terminate on the Termination Date. The outstanding principal balance of the Loans, all accrued but unpaid interest thereon, and all other Obligations shall be due and payable in full on the Termination Date.

Section 2.9 Voluntary Reduction of Aggregate Maximum Credit Amount. Borrower may, by notice to Administrative Agent three (3) Business Days prior to the effective date of any such reduction, permanently reduce the Aggregate Maximum Credit Amount (and thereby permanently reduce the Maximum Credit Amount and, if applicable, the Commitment of each Bank ratably in accordance with such Bank's Commitment Percentage); *provided that* any reduction shall be in amounts not less than $500,000 or any larger multiple of $500,000 or shall be in an amount equal to the entire Aggregate Maximum Credit Amount. On the effective date of any such reduction in the Aggregate Maximum Credit Amount and on the effective date of any reduction in the Aggregate Elected Commitment Amount pursuant to **Section 2.16(f)**, Borrower shall, to the extent required as a result of any such reduction, make a principal payment on the Loans (together with accrued interest thereon) in an amount sufficient to cause the Outstanding Revolving Credit to be equal to or less than the Total Commitment as thereby reduced (and Administrative Agent shall distribute to each Bank in like funds that portion of any such payment as is required to cause the principal balance of the Loans held by such Bank to be not greater than its Commitment as thereby reduced), and any such payment shall be accompanied by amounts due under **Section 3.3**. Notwithstanding the foregoing, Borrower shall not be permitted to voluntarily reduce the Aggregate Maximum Credit Amount to an amount less than the aggregate Letter of Credit Exposure of all Banks. Upon any reduction of the Aggregate Maximum Credit Amount that results in the Aggregate Maximum Credit Amount being less than the Aggregate Elected Commitment Amount, the Aggregate Elected Commitment Amount shall be automatically reduced (ratably among the Banks) so that it equals the Aggregate Maximum Credit Amount as so reduced.

Section 2.10 Application of Payments. Each repayment pursuant to **Section 2.6**, **Section 2.7**, **Section 2.9** and **Section 4.4** shall be made together with accrued interest to the date of payment, and shall be applied to payment of the Loans in accordance with **Section 3.2** and the other provisions of this Agreement.

Section 2.11 Commitment Fee. On the Termination Date, and on the last day of each Fiscal Quarter prior to the Termination Date, and in the event the Commitments are terminated in their entirety prior to the Termination Date, on the date of such termination, commencing with the Fiscal Quarter ending on June 30, 2017, Borrower shall pay to Administrative Agent, for the ratable benefit of each Bank based on each Bank's Commitment Percentage, a commitment fee equal to the Commitment Fee Percentage (computed on the basis of actual days elapsed and as if each calendar year consisted of 360 days) of the average daily Revolving Availability for the Fiscal Quarter (or portion thereof) then ended; *provided that*, the aforementioned commitment fee shall cease to accrue on the unfunded portion of the Commitment of any Defaulting Bank.

Section 2.12 Letter of Credit Fees and Letter of Credit Fronting Fees. On the Termination Date, and on the last day of each Fiscal Quarter prior to the Termination Date, commencing with the Fiscal Quarter ending on June 30, 2017, and, in the event the Commitments are terminated in their entirety prior to the Termination Date, on the date of such termination, Borrower shall pay to Administrative Agent (to be distributed by Administrative Agent in accordance with **Section 2.1(b)**) (a) the Letter of Credit Fee which accrued during such Fiscal Quarter (or portion thereof) and (b) the Letter of Credit Fronting Fee which accrued during such Fiscal Quarter (or portion thereof), in each case computed on the basis of actual days elapsed and as if each calendar year consisted of 360 days.

Section 2.13 Agency and Other Fees. Borrower shall pay (a) to Administrative Agent and its Affiliates such fees and other amounts as Borrower shall be required to pay to such Persons from time to time pursuant to the Fee Letter and (b) to Banks such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified.

Section 2.14 Loans and Borrowings Under Existing Credit Agreement. On the Effective Date:

(a) Borrower shall pay all accrued and unpaid commitments fees, break funding fees (if any) and all other fees that are outstanding under the Existing Credit Agreement for the account of each "Bank" under the Existing Credit Agreement;

(b) each "Adjusted Base Rate Borrowing" outstanding under the Existing Credit Agreement shall be extended and renewed so as to continue as a new Adjusted Base Rate Borrowing under this Agreement;

(c) each "Eurodollar Borrowing" outstanding under the Existing Credit Agreement shall be deemed repaid on the Effective Date and funded as a new Eurodollar Borrowing under this Agreement;

(d) each Existing Letter of Credit shall constitute a Letter of Credit in accordance with **Section 2.1** hereof; and

(e) the Existing Credit Agreement and the commitments thereunder shall be superseded by this Agreement and such commitments shall terminate.

It is the intent of the parties hereto that (i) this Agreement not constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement or evidence repayment of any such obligations and liabilities and that this Agreement amend and restate in its entirety the Existing Credit Agreement and (ii) the Liens securing the "Obligations" under and as defined in the Existing Credit Agreement and granted pursuant to the "Loan Papers" as defined in the Existing Credit Agreement and the liabilities and obligations of Borrower shall not be extinguished, but shall be carried forward, and such Liens shall secure such "Obligations" under the Existing Credit Agreement, in each case, as renewed, amended, restated and modified hereby.

Section 2.15 Automatic Debt Issuance Borrowing Base Adjustments. In addition to the redeterminations of the Borrowing Base pursuant to **Section 4.2**, **Section 4.3**, and **Section 4.6** and adjustments of the Borrowing Base pursuant to **Section 8.11**, and notwithstanding anything to the contrary contained herein, if Borrower issues any Senior Notes on any Debt Issuance Date, to the extent any portion of such Senior Notes does not constitute Permitted Refinancing Debt, the Borrowing Base shall automatically reduce on such Debt Issuance Date by an amount equal to twenty-five percent (25%) of the aggregate stated principal amount of any Senior Notes issued by the Credit Parties on such Debt Issuance Date (other than the portion of such Senior Notes constituting Permitted Refinancing Debt). For the avoidance of doubt, the stated amount of the portion of any Senior Notes that constitutes Permitted Refinancing Debt shall not be included for purposes of determining the reduction in the Borrowing Base required by this **Section 2.15** and only the stated amount of the portion of such Senior Notes not constituting Permitted Refinancing Debt shall be included in calculating the adjustment required by this **Section 2.15**. For the purposes of this **Section 2.15**, if any such Senior Notes are issued at a discount or otherwise sold for less than "par", the reduction shall be calculated based upon the stated principal amount without reference to such discount.

Section 2.16 Increases, Reductions and Terminations of Aggregate Elected Commitment Amount.

(a) Subject to the conditions set forth in **Section 2.16(b)**, Borrower may increase the Aggregate Elected Commitment Amount then in effect by increasing the Elected Commitment of a Bank (an "**Increasing Bank**") and/or by causing a Person that is acceptable to Administrative Agent that at such time is not a Bank to become a Bank (any such Person that is not at such time a Bank and becomes a Bank, an "**Additional Bank**"). Notwithstanding anything to the contrary contained in this Agreement, in no case shall an Additional Bank be Borrower, an Affiliate of Borrower or a natural person.

(b) Any increase in the Aggregate Elected Commitment Amount shall be subject to the following additional conditions (provided that the conditions set forth in the following clauses (i) and (ii) shall not apply in connection with any increase in the Aggregate Elected Commitment Amount made substantially contemporaneously with any redetermination or other adjustment to the Borrowing Base hereunder):

(i) such increase shall not be less than $50,000,000 unless Administrative Agent otherwise consents, and no such increase shall be permitted if after giving effect thereto the Aggregate Elected Commitment Amount exceeds the Borrowing Base then in effect (for the sake of clarity, all increases in the Elected Commitments of any Increasing Banks and any Additional Banks effective on a single date shall be included in the increase of the Aggregate Elected Commitment Amount for purposes of this **Section 2.16(b)(i)**);

(ii) following any Periodic Determination, Borrower may not increase the Aggregate Elected Commitment Amount more than once before the next Periodic Determination (for the sake of clarity, all increases in the Aggregate Elected Commitment Amount effective on a single date shall be deemed a single increase in the Aggregate Elected Commitment Amount for purposes of this **Section 2.16(b)(ii)**);

(iii) no Default shall have occurred and be continuing on the effective date of such increase;

(iv) on the effective date of such increase, no Eurodollar Borrowings shall be outstanding or if any Eurodollar Borrowings are outstanding, then the effective date of such increase shall be the last day of the Interest Period in respect of such Eurodollar Borrowings unless Borrower pays any compensation required by **Section 3.3**;

(v) no Bank's Elected Commitment may be increased without the consent of such Bank;

(vi) if Borrower elects to increase the Aggregate Elected Commitment Amount by increasing the Elected Commitment of an Increasing Bank, Borrower and such Increasing Bank shall execute and deliver to Administrative Agent a certificate substantially in the form of **Exhibit J** (an "**Elected Commitment Increase Certificate**"); and

(vii) if Borrower elects to increase the Aggregate Elected Commitment Amount by causing an Additional Bank to become a party to this Agreement, then Borrower and such Additional Bank shall execute and deliver to Administrative Agent a certificate substantially in the form of **Exhibit K** (an "**Additional Bank Certificate**"), together with an Administrative Questionnaire and a processing and recordation fee of $3,500, and Borrower shall (A) if requested by the Additional Bank, deliver a Note payable to such Additional Bank in a principal amount equal to its Maximum Credit Amount, and otherwise duly completed and (B) pay any applicable fees as may have been agreed to between Borrower, the Additional Bank and/or Administrative Agent.

(c) Subject to acceptance and recording thereof pursuant to **Section 2.16(d)**, from and after the effective date specified in the Elected Commitment Increase Certificate or the Additional Bank Certificate (or, in each case, if any Eurodollar Borrowings are outstanding, then the last day of the Interest Period in respect of such Eurodollar Borrowings, unless Borrower has paid any compensation required by **Section 3.3**): (i) the amount of the Aggregate Elected Commitment Amount shall be increased as set forth therein, and (ii) in the case of an Additional Bank Certificate, any Additional Bank party thereto shall be a party to this Agreement and have the rights and obligations of a Bank under this Agreement and the other Loan Papers. In addition, the Increasing Bank or the Additional Bank, as applicable, shall purchase a pro rata portion of the outstanding Loans (and participation interests in Letters of Credit) of each of the other Banks (and such Banks hereby agree to sell and to take all such further action to effectuate such sale) such that each Bank (including any Increasing Bank and any Additional Bank, as applicable) shall hold its Commitment Percentage of the outstanding Loans (and participation interests) after giving effect to the increase in the Aggregate Elected Commitment Amount (and the resulting modifications of each Bank's Commitment Percentage and Maximum Credit Amount pursuant to **Section 2.16(e)**).

(d) Upon its receipt of a duly completed Elected Commitment Increase Certificate or an Additional Bank Certificate, executed by Borrower and the Increasing Bank or by Borrower and the Additional Bank party thereto, as applicable, the processing and recording fee referred to in **Section 2.16(b)(vii)**, the Administrative Questionnaire referred to in **Section 2.16(b)(vii)** and the break-funding payments from Borrower, if any, required by **Section 3.3**, Administrative Agent shall accept such Elected Commitment Increase Certificate or Additional Bank Certificate and record the information contained therein in the Register required to be maintained by Administrative Agent pursuant to **Section 14.8(e)**. No increase in the Aggregate Elected Commitment Amount shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this **Section 2.16(d)**.

(e) Upon any increase in the Aggregate Elected Commitment Amount pursuant to this **Section 2.16**, (i) each Bank's Commitment Percentage shall be automatically deemed amended to the extent necessary so that each Bank's Commitment Percentage equals the percentage of the Aggregate Elected Commitment Amount represented by such Bank's Elected Commitment, in each case after giving effect to such increase, (ii) each Bank's Maximum Credit Amount shall be automatically deemed amended to the extent necessary so that each Bank's Maximum Credit Amount equals such Bank's Commitment Percentage, after giving effect to any adjustments thereto pursuant to the foregoing clause (i), of the Aggregate Maximum Credit Amount, and (iii) **Schedule 1** to this Agreement shall be deemed amended to reflect the Elected Commitment of any Increasing Bank and any Additional Bank, and any changes in the Banks' respective Commitment Percentages and Maximum Credit Amount pursuant to the foregoing clauses (i) and (ii).

(f) Borrower may from time to time terminate or reduce the Aggregate Elected Commitment Amount; provided that (i) each reduction of the Aggregate Elected Commitment Amount shall be in an amount that is an integral multiple of $1,000,000 and not less than $1,000,000 and (ii) Borrower shall not reduce the Aggregate Elected Commitment Amount if, after giving effect to any concurrent prepayment of the Loans in accordance with **Section 2.9**, the total Outstanding Revolving Credit would exceed the Aggregate Elected Commitment Amount.

(g) Borrower shall notify Administrative Agent of any election to terminate or reduce the Aggregate Elected Commitment Amount under **Section 2.16(f)** at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, Administrative Agent shall advise the Banks of the contents thereof. Each notice delivered by Borrower pursuant to this **Section 2.16(g)** shall be irrevocable. Any termination or reduction of the Aggregate Elected Commitment Amount shall be permanent and may not be reinstated, except pursuant to **Section 2.16(a)**. Each reduction of the Aggregate Elected Commitment Amount shall be made ratably among the Banks in accordance with each Bank's Commitment Percentage.

(h) Upon any redetermination or other adjustment in the Borrowing Base pursuant to this Agreement that would otherwise result in the Borrowing Base becoming less than the Aggregate Elected Commitment Amount, the Aggregate Elected Commitment Amount shall be automatically reduced (ratably among the Banks in accordance with each Bank's Commitment Percentage) so that they equal such redetermined Borrowing Base (and **Schedule 1** shall be deemed amended to reflect such amendments to each Bank's Elected Commitment and the Aggregate Elected Commitment Amount).

ARTICLE III
GENERAL PROVISIONS

Section 3.1 The Notes. If requested by a Bank, pursuant to **Section 2.4**, Administrative Agent shall, upon receipt thereof from Borrower, deliver to each Bank that requests a Note the Note or Notes payable to such Bank. Each Bank may record (and prior to any transfer of its Note shall record) on the schedule attached to its Note appropriate notations to evidence the date and amount of each advance of funds made by it in respect of any Borrowing, the Interest Period (if any) applicable thereto, and the date and amount of each payment of principal received by such Bank with respect to the Loans; *provided that* the failure by any Bank to so record its Note shall not affect the liability of Borrower for the repayment of all amounts outstanding under such Notes together with interest thereon. Each Bank is hereby irrevocably authorized by Borrower to record its Note and to attach to and make a part of any Note a continuation of any such schedule as required.

Section 3.2 General Provisions as to Payments.

(a) Borrower shall make each payment of principal of, and interest on, the Loans and all fees payable by Borrower hereunder not later than 10:00 a.m. (Central time) on the date when due, in funds immediately available to Administrative Agent at its address set forth on **Schedule 1** hereto. Administrative Agent will promptly (and if such payment is received by Administrative Agent by 11:00 a.m. (Central time), and otherwise if reasonably possible, on the same Business Day) distribute to each Bank its Commitment Percentage of each such payment received by Administrative Agent for the account of Banks. Whenever any payment of principal of, or interest on, that portion of the Loans subject to an Adjusted Base Rate Tranche or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day (subject to the definition of Interest Period). Whenever any payment of principal of, or interest on, that portion of the Loans subject to a Eurodollar Tranche shall be due on a day which is not a Eurodollar Business Day, the date for payment thereof shall be extended to the next succeeding Eurodollar Business Day (subject to the definition of Interest Period). If the date for any payment of principal is extended by operation of Law or otherwise, interest thereon shall be payable for such extended time. Borrower hereby authorizes Administrative Agent to charge from time to time against Borrower's account or accounts with Administrative Agent any amount then due by Borrower. All amounts payable by Borrower under the Loan Papers (whether principal, interest, fees, expenses, or otherwise) shall be paid in full, without set-off or counterclaim.

(b) Prior to the occurrence of an Event of Default, all principal payments received by Banks with respect to the Loans shall be applied as instructed by Borrower and, in the absence of such instructions, first to Eurodollar Tranches outstanding under the Revolving Loans with Interest Periods ending on the date of such payment, then to Adjusted Base Rate Tranches, then to Eurodollar Tranches outstanding under the Revolving Loans next maturing, and then to Eurodollar Tranches outstanding under the Revolving Loans next maturing until all such Eurodollar Tranches are repaid until such principal payment is fully applied, with such adjustments in such order of payment as Administrative Agent shall specify in order that each Bank receives its ratable share of each such payment.

(c) After the occurrence of an Event of Default, all amounts collected or received by Administrative Agent or any Bank from any Credit Party or in respect of any of the assets of any Credit Party shall be applied in the following order:

(i) *first*, to the payment of all fees, indemnities, expenses and other amounts (other than principal, interest, and Letter of Credit Fees) payable to the Administrative Agent (including fees, expenses, and disbursements of counsel to Administrative Agent);

(ii) *second*, to the payment of all fees, indemnities, expenses and other amounts (other than principal, interest, and Letter of Credit Fees) payable to Banks (including fees, expenses, and disbursements of counsel to Banks), ratably among them in proportion to the respective amounts described in this clause *second* payable to them;

(iii) *third*, to the reimbursement of any advances made by Banks to effect performance of any unperformed covenants of any Credit Party under any of the Loan Papers;

(iv) *fourth*, to payment of that portion of the Obligations constituting (A) accrued and unpaid Letter of Credit Fees and interest on the Revolving Loans and other Obligations, (B) unpaid principal of the Revolving Loans in the order specified in **Section 3.2(b)**, (C) any amounts funded but unreimbursed under Letters of Credit, (D) any amounts of the Obligations owing to each Bank Products Provider and (E) amounts owing under Hedge Agreements (to the extent such amounts are Obligations), ratably among the Banks, the Letter of Credit Issuer, the Bank Products Providers, and the holders of such Obligations under Hedge Agreements in proportion to the respective amounts described in this clause *fourth* payable to them;

(v) *fifth*, to establish the deposits required by **Section 2.1(b)** if any; and

(vi) *last*, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Borrower or as otherwise required by Law.

All payments received by a Bank after the occurrence of an Event of Default for application to the principal of the Loans pursuant to this **Section 3.2(c)** shall be applied by such Bank in the manner provided in **Section 3.2(b)**.

Notwithstanding the foregoing, amounts received from Borrower or any Guarantor that is not an Eligible Contract Participant shall not be applied to any Excluded Swap Obligations (it being understood, that in the event that any amount is applied to Obligations other than Excluded Swap Obligations as a result of this clause, Administrative Agent shall make such adjustments as it determines are appropriate to distributions pursuant to clause *fourth* above from amounts received from Eligible Contract Participants to ensure, as nearly as possible, that the proportional aggregate recoveries with respect to Obligations described in clause *fourth* above by the holders of any Excluded Swap Obligations are the same as the proportional aggregate recoveries with respect to other Obligations pursuant to clause *fourth* above).

Section 3.3 Funding Losses. If Borrower makes or is deemed to make any payment of principal subject to a Eurodollar Tranche (whether pursuant to **Section 2.6**, **Section 2.7**, **Section 2.8**, **Section 2.9**, **Section 4.4**, **Article XI** or **Article XIII**, whether as a voluntary or mandatory prepayment or otherwise, and including due to reallocation of Loans due to syndication during the period of one-hundred and eighty (180) days after the Effective Date) on any day other than the last day of an Interest Period applicable thereto, or if Borrower fails to borrow any Eurodollar Borrowing, after notice has been given to any Bank in accordance with **Section 2.2**, Borrower shall reimburse each Bank on demand for any resulting loss or expense incurred by it, including any loss incurred in obtaining, liquidating or employing deposits from third parties, or any loss arising from the reemployment of funds at rates lower than the cost to such Bank of such funds and related costs, which in the case of the payment or prepayment prior to the end of the Interest Period for any Eurodollar Tranche, shall include the amount, if any, by which (a) the interest which such Bank would have received absent such payment or prepayment for the applicable Interest Period exceeds (b) the interest which such Bank would receive if its Commitment Percentage of the amount of such Eurodollar Borrowing were deposited, loaned, or placed by such Bank in the interbank eurodollar market on the date of such payment or prepayment for the remainder of the applicable Interest Period. Such Bank shall promptly deliver to Borrower and Administrative Agent a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 3.4 Non-Receipt of Funds by Administrative Agent. Unless Administrative Agent shall have been notified by a Bank or Borrower (as used in this Section, "**Payor**") prior to the date on which such Bank is to make payment to Administrative Agent hereunder or Borrower is to make a payment to Administrative Agent for the account of one or more Banks, as the case may be (as used in this Section, such payment being herein called the "**Required Payment**"), which notice shall be effective upon receipt, that Payor does not intend to make the Required Payment to Administrative Agent, Administrative Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient on such date and, if Payor has not in fact made the Required Payment to Administrative Agent, (a) the recipient of such payment shall, on demand, pay to Administrative Agent the amount made available to it together with interest thereon in respect of the period commencing on the date such amount was so made available by Administrative Agent until the date Administrative Agent recovers such amount at a rate per annum equal to the Adjusted Base Rate then in effect for such period, and (b) Administrative Agent shall be entitled to offset against any and all sums to be paid to such recipient, the amount calculated in accordance with the foregoing clause (a).

Section 3.5 Defaulting Banks.

(a) Notwithstanding anything to the contrary contained herein, the Maximum Credit Amount of a Defaulting Bank shall not be included in determining whether all Banks, the Super Majority Banks or the Required Banks have taken or may take any action hereunder (including approval of any redetermination of the Borrowing Base pursuant to **Article IV** and any consent to any amendment or waiver pursuant to **Section 14.2**); *provided that*, any waiver, amendment or modification requiring the consent of all Banks or each affected Bank which affects such Defaulting Bank differently than other affected Banks shall require the consent of such Defaulting Bank; and *provided further that* in no event shall (i) the Commitment, Elected Commitment or Maximum Credit Amount of any Defaulting Bank be increased without the consent of such Defaulting Bank, or (ii) the Termination Date or any date fixed for any payment of principal of or interest on the Loan or any fees hereunder be postponed without the consent of such Defaulting Bank.

(b) If any Bank shall fail to make any payment referenced in clause (a) of the definition of "Defaulting Bank", then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Bank and for the benefit of the Administrative Agent or any Letter of Credit Issuer to satisfy such Bank's obligations hereunder until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Bank hereunder; in the case of each of (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion; *provided* that, subject to **Section 14.17**, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against such Bank as a result of such Bank's increased exposure following such reallocation.

(c) Borrower shall not be obligated to pay the Administrative Agent any Defaulting Bank's ratable share of the fees described in **Sections 2.11**, **2.12** or **2.13** (notwithstanding anything to the contrary in such sections) for the period commencing on the day such Defaulting Bank becomes a Defaulting Bank and continuing for so long as such Bank continues to be a Defaulting Bank.

ARTICLE IV
BORROWING BASE

Section 4.1 Reserve Reports; Proposed Borrowing Base. As soon as available and in any event by March 31 and September 30 of each year, commencing September 30, 2017, Borrower shall deliver to each Bank a Reserve Report prepared as of the immediately preceding December 31 and June 30, respectively. Simultaneously with the delivery to Administrative Agent and each Bank of each Reserve Report, Borrower shall notify Administrative Agent of the Borrowing Base which Borrower requests become effective for the period commencing on the next Determination Date.

Section 4.2 Periodic Determinations of the Borrowing Base; Procedures and Standards. Based in part on the Reserve Report made available to Banks pursuant to **Section 4.1**, Banks shall redetermine the Borrowing Base on or prior to the next Determination Date or such date promptly thereafter as reasonably possible (a) based on the engineering and other information available to Banks, and (b) in accordance with, and consistent with, the subsequent provisions of this **Section 4.2**. Any Borrowing Base which becomes effective as a result of any Determination of the Borrowing Base shall be subject to the following restrictions: (i) such Borrowing Base shall not exceed the Borrowing Base requested by Borrower pursuant to **Section 4.1** or **Section 4.3** (as applicable), (ii) such Borrowing Base shall not exceed the Aggregate Maximum Credit Amount then in effect, (iii) to the extent such Borrowing Base represents an increase from the Borrowing Base in effect prior to such Determination such Borrowing Base shall be approved by all Banks, and (iv) any Borrowing Base which represents a decrease in the Borrowing Base in effect prior to such Determination, or a reaffirmation of such prior Borrowing Base, shall require approval of Super Majority Banks. The Administrative Agent shall propose such redetermined Borrowing Base to Banks within fifteen (15) days following receipt by the Banks of a Reserve Report (or such date promptly thereafter as reasonably practicable). After having received notice of such proposal by the Administrative Agent, Super Majority Banks (or all Banks in the event of a proposed increase) shall have fifteen (15) days to agree or disagree with such proposal. If at the end of such 15-day period, any Bank has not communicated its approval or disapproval, such silence shall be deemed an approval. If sufficient Banks notify Administrative Agent within such 15-day period of their disapproval such that Super Majority Banks have neither approved nor been deemed to approve such Borrowing Base (or, in the event of a proposed increase, any Bank notifies Administrative Agent within such 15-day period of its disapproval), Super Majority Banks (or all Banks in the event of a proposed increase) shall, within a reasonable period of time, agree on a new Borrowing Base.

In taking the above actions, the Administrative Agent and the Banks shall act in accordance with their normal and customary procedures for evaluating oil and gas reserves and other related assets as such exist at that particular time and will otherwise act in their sole discretion. It is further acknowledged and agreed that each Bank may consider such other credit factors as it deems appropriate which are consistent with its normal and customary procedures for evaluating oil and gas reserves and shall have no obligation in connection with any Determination to approve any change in the Borrowing Base in effect prior to such Determination. Promptly following any Determination of the Borrowing Base, Administrative Agent shall notify Borrower of the amount of the Borrowing Base as redetermined, which Borrowing Base shall be effective as of the date specified in such notice, and shall remain in effect for all purposes of this Agreement until the next Determination.

Section 4.3 Special Determination of Borrowing Base. In addition to the redeterminations of the Borrowing Base pursuant to **Section 4.2** and **Section 4.6**, and adjustments of the Borrowing Base pursuant to **Section 2.15** and **Section 8.11**, Borrower and Super Majority Banks may each request Special Determinations of the Borrowing Base from time to time; *provided that* Super Majority Banks may not request more than one Special Determination between Periodic Determinations of the Borrowing Base, and Borrower may not request more than two Special Determinations in any Fiscal Year. In addition, Borrower may request Special Determinations from time to time as significant development, exploration or acquisition opportunities are presented to Borrower. In the event Super Majority Banks request such a Special Determination, Administrative Agent shall promptly deliver notice of such request to Borrower and Borrower shall, within 20 days following the date of such request, deliver to Banks a Reserve Report prepared as of the last day of the calendar month preceding the date of such request. In the event Borrower requests a Special Determination, Borrower shall deliver written notice of such request to Banks which shall include (a) a Reserve Report prepared as of a date not more than 30 days prior to the date of such request, and (b) the amount of the Borrowing Base requested by Borrower and to become effective on the Determination Date applicable to such Special Determination. Upon receipt of such Reserve Report, Administrative Agent shall, subject to approval of Super Majority Banks, or all Banks in the event of a proposed increase in the Borrowing Base, redetermine the Borrowing Base in accordance with the procedure set forth in **Section 4.2** which Borrowing Base shall become effective on the Determination Date applicable to such Special Determination (or as soon thereafter as Administrative Agent and Super Majority Banks, or all Banks in the event of a proposed increase in the Borrowing Base, approve such Borrowing Base and provide notice thereof to Borrower).

Section 4.4 Borrowing Base Deficiency. If a Borrowing Base Deficiency exists at any time (other than as a result of any reduction and/or redetermination of the Borrowing Base pursuant to **Section 2.15** and/or **Section 4.6**), Borrower shall, within 30 days following notice thereof from Administrative Agent, provide written notice (the "**Election Notice**") to Administrative Agent stating the action which Borrower proposes to take to remedy such Borrowing Base Deficiency, and Borrower shall thereafter, at its option, do one or a combination of the following: (a) within 45 days following the delivery of such Election Notice, make a prepayment of principal on the Revolving Loans in an amount sufficient to eliminate 50% of such Borrowing Base Deficiency, with a payment or payments to eliminate the remainder of such Borrowing Base Deficiency due within 90 days following the delivery of such Election Notice, and if such Borrowing Base Deficiency cannot be eliminated by prepaying the Revolving Loans in full (as a result of outstanding Letter of Credit Exposure), Borrower shall also at such time or times deposit with Administrative Agent sufficient funds to be held by Administrative Agent as security for outstanding Letter of Credit Exposure in the manner contemplated by **Section 2.1(b)** as necessary to eliminate the required portions of such Borrowing Base Deficiency on the dates required therefor, (b) within 90 days following the delivery of such Election Notice, submit additional oil and gas properties owned by Borrower and its Subsidiaries for consideration in connection with the determination of the Borrowing Base which Administrative Agent and Super Majority Banks deem sufficient in their sole discretion to eliminate such Borrowing Base Deficiency, or (c) eliminate such deficiency by making six consecutive mandatory prepayments of principal on the Revolving Loans, each of which shall be in the amount of one sixth of the amount of such Borrowing Base Deficiency, commencing on the date that is 30 days after notice of such Borrowing Base Deficiency is delivered to Borrower and continuing thereafter on each monthly anniversary of such first payment, and in connection therewith, Borrower shall dedicate a sufficient amount (as determined by Administrative Agent) of the monthly cash flow from Borrower's oil and gas properties to satisfy such payments. Notwithstanding the foregoing, upon any reduction and/or redetermination of the Borrowing Base pursuant to **Section 4.6** which results in a Borrowing Base Deficiency (or increase in any existing Borrowing Base Deficiency), Borrower shall promptly, but in all events within two Business Days after such Borrowing Base Deficiency first occurs (or earlier if required by such sections), make a mandatory prepayment of principal on the Revolving Loans and/or cash collateralize the Letter of Credit Exposure in accordance with **Section 2.1(b)**, as applicable, in an amount sufficient to eliminate such Borrowing Base Deficiency (or increase in any previously existing Borrowing Base Deficiency).

Section 4.5 Initial Borrowing Base. Subject to the terms of **Section 4.6** and **Section 8.11**, the Borrowing Base in effect during the period from the Effective Date until the date of the first Special or Periodic Determination after the Closing Date shall be the Initial Borrowing Base.

Section 4.6 Asset Disposition Adjustment. In addition to the redeterminations of the Borrowing Base pursuant to **Section 4.2** and **Section 4.3** and adjustments of the Borrowing Base pursuant to **Section 8.11**, simultaneously with the completion by any Credit Party of any Asset Disposition, the assets and/or Borrowing Base Hedges subject to which, when aggregated with the assets and/or Borrowing Base Hedges subject to all other Asset Dispositions since the Determination Date of the Borrowing Base then in effect, have a fair market value in excess of 5% of the Borrowing Base then in effect, the Borrowing Base shall be automatically reduced as set forth in this **Section 4.6**; provided, that, for purposes of this **Section 4.6**, a termination or other monetization, in whole or in part, of an Oil and Gas Hedge Transaction shall be deemed not to be an "Asset Disposition" to the extent that (x) such Oil and Gas Hedge Transaction is novated, in whole or in part, from the existing counterparty to another counterparty, with Borrower or the applicable Credit Party being the "remaining party" for purposes of such novation, (y) such Oil and Gas Hedge Transaction would have matured pursuant to its terms on or prior to the scheduled effective date of the next Periodic Determination or (z) upon its termination, in whole or in part, it is replaced, in a substantially contemporaneous transaction, with one or more Oil and Gas Hedge Transactions covering Hydrocarbons of the type that were hedged pursuant to such replaced Oil and Gas Hedge Transaction, with notional volumes, prices and tenors not less favorable to Borrower or such Credit Party as those set forth in such replaced Oil and Gas Hedge Transaction, and without net cash payments to any Credit Party in connection therewith (except to the extent that such cash payments are paid to the counterparties on such replacement transactions upon the relevant Credit Party entering into such replacement transactions). Such reduction shall be in an amount equal to the sum of (a) the net value given to the Borrowing Base Properties and/or Borrowing Base Hedges (to the extent so terminated and not so replaced) subject to such Asset Disposition in the Borrowing Base then in effect (taking into consideration any negative Borrowing Base value attributed to any out-of-the money Borrowing Base Hedges so terminated), and (b) the net reduction in the Borrowing Base value realized or resulting from any such replacement of Borrowing Base Hedges (taking into consideration any negative Borrowing Base value attributed to any out-of-the-money Borrowing Base Hedges so replaced). For the sake of clarity, the termination or other monetization of a Borrowing Base Hedge at its scheduled maturity or pursuant to clause (y) of the proviso in the preceding sentence does not constitute an Asset Disposition and notwithstanding anything to the contrary in this **Section 4.6**, the termination or monetization of a Borrowing Base Hedge at its scheduled maturity or pursuant to clause (y) of the proviso in the preceding sentence shall not result in any reduction of the Borrowing Base.

ARTICLE V
COLLATERAL AND GUARANTIES

Section 5.1 Security.

(a) The Obligations shall be secured by first and prior Liens covering and encumbering (i) the Mineral Interests owned by Borrower and its Subsidiaries specified by Administrative Agent or Required Banks which shall in all events include not less than the Required Reserve Value of all Proved Mineral Interests owned by Borrower and its Subsidiaries on and after the Closing Date, (ii) one hundred percent (100%) of the issued and outstanding Equity of each existing and future Subsidiary of Borrower, and (iii) substantially all of the other material assets of the Credit Parties, except that Permitted Encumbrances may exist and a Lien over the Equity in Medallion need not be granted to secure the Obligations. On or before the Effective Date, Borrower shall deliver to Administrative Agent, for the ratable benefit of each Bank, Mortgages in form and substance acceptable to Administrative Agent and duly executed by such Credit Party, together with such other assignments, conveyances, amendments, agreements and other writings, including the Security Agreement, UCC-1 financing statements and UCC-3 financing statement amendments (each duly authorized and, as applicable, executed) as Administrative Agent shall deem necessary or appropriate to grant, evidence and perfect first and prior Liens in all Borrowing Base Properties and other interests of Borrower and the Credit Parties required by this **Section 5.1(a)**. Borrower hereby authorizes Administrative Agent, and its agents, successors and assigns, to file any and all necessary financing statements under the Uniform Commercial Code, assignments and/or continuation statements as necessary from time to time (in Administrative Agent's discretion) to perfect (or continue perfection of) the Liens granted pursuant to the Loan Papers.

(b) On or before the Effective Date and on or before each Determination Date after the Closing Date and at such other times as Administrative Agent or Required Banks shall request, Borrower shall, and shall cause its Subsidiaries to, deliver to Administrative Agent, for the ratable benefit of each Bank, Mortgages in form and substance acceptable to Administrative Agent and duly executed by Borrower and such Subsidiaries (as applicable) together with such other assignments, conveyances, amendments, agreements and other writings, including UCC-1 financing statements (each duly authorized and, as applicable, executed) as Administrative Agent shall deem necessary or appropriate to grant, evidence and perfect the Liens required by **Section 5.1(a)(i)** above with respect to Mineral Interests then held by Borrower and such Subsidiaries (as applicable) which are not the subject of existing first and prior, perfected Liens securing the Obligations as required by **Section 5.1(a)(i)**.

(c) Notwithstanding any provision in any of the Loan Papers to the contrary, in no event is any Building (as defined in the applicable Flood Insurance Regulations) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulations) owned by any Credit Party included in the Borrowing Base Properties and no Building or Manufactured (Mobile) Home shall be encumbered by any of the Mortgages, the Security Agreement, the Facility Guaranty or any other Loan Paper; *provided*, that (i)the applicable Credit Party's interests in all lands and Hydrocarbons situated under any such Building or Manufactured (Mobile) Home shall be included in the Borrowing Base Properties and collateral and may be encumbered by the Mortgages or other Loan Papers and (ii)the Credit Parties shall not permit to exist any Lien on any Building or Manufactured (Mobile) Home except Permitted Encumbrances.

Section 5.2 Title Information. At any time Borrower or any of its Subsidiaries are required to execute and deliver Mortgages to Administrative Agent pursuant to **Section 5.1**, Borrower shall also deliver to Administrative Agent such opinions of counsel (including, if so requested, title opinions, and in each case addressed to Administrative Agent) or other evidence of title as Administrative Agent shall deem necessary or appropriate to verify (a) Borrower's (or any such Subsidiary's (as applicable)) title to the Required Reserve Value of the Proved Mineral Interests which are subject to such Mortgages, and (b) the validity and perfection of the Liens created by such Mortgages.

Section 5.3 Guarantees. Payment and performance of the Obligations shall be fully guaranteed by each existing or hereafter acquired or formed Subsidiary of Borrower pursuant to the Facility Guaranty.

Section 5.4 Additional Guarantors. In connection with the creation or acquisition of any new Subsidiary of Borrower, promptly (and in no event less than 30 days) following such creation or acquisition, Borrower shall, or shall cause (a) the applicable Subsidiary to execute and deliver a joinder to the Facility Guaranty and the Security Agreement executed by such Subsidiary, (b) the holder of the Equity in such Subsidiary to pledge all of the Equity of such Subsidiary (including delivery of original stock certificates evidencing the Equity of such Subsidiary, together with appropriate undated stock powers for each certificate duly executed in blank by the registered owner thereof), and (c) execute and deliver, or cause any other Credit Party to execute and deliver, such other additional UCC-1 financing statements, closing documents, certificates, and legal opinions as shall reasonably be requested by the Administrative Agent, in the case of each of clause (a), (b), and (c) above, in form and substance reasonably satisfactory to Administrative Agent.

ARTICLE VI
CONDITIONS TO BORROWINGS

Section 6.1 Conditions to Initial Borrowing and Participation in Letter of Credit Exposure. The obligation of each Bank to loan its Commitment Percentage of the initial Borrowing hereunder, and the obligation of Administrative Agent to issue (or cause another Bank to issue) the initial Letter of Credit issued hereunder (other than the Existing Letters of Credit), is subject to the satisfaction of each of the following conditions:

(a) Closing Deliveries. Administrative Agent shall have received each of the following documents, instruments and agreements, each of which shall be in form and substance and executed in such counterparts as shall be acceptable to Administrative Agent and Required Banks and each of which shall, unless otherwise indicated, be dated the Closing Date:

(i) this Agreement, duly executed and delivered by Borrower, each Bank, Letter of Credit Issuer, and Administrative Agent;

(ii) a Note payable to each Bank requesting a Note in the amount of such Bank's Maximum Credit Amount, in each case duly executed and delivered by Borrower;

(iii) the Facility Guaranty, duly executed and delivered by each Credit Party other than Borrower;

(iv) the Security Agreement, duly executed and delivered by Borrower and each other Credit Party;

(v) the Mortgages, each duly executed and delivered by the appropriate Credit Party, together with such other assignments, conveyances, amendments, merger and/or name change affidavits, agreements and other writings, including UCC-1 financing statements, in form and substance satisfactory to Administrative Agent;

(vi) a Certificate of Ownership Interests substantially in the form of **Exhibit E** duly executed and delivered by an Authorized Officer of Borrower;

(vii) an opinion of Akin Gump Strauss Hauer & Feld LLP, counsel to Borrower, favorably opining as to such New York and Texas law-matters as Administrative Agent or Required Banks may request, in form and substance satisfactory to Administrative Agent and Required Banks;

(viii) an opinion of the general counsel to Borrower, favorably opining as to such matters as Administrative Agent or Required Banks may request, in form and substance satisfactory to Administrative Agent and Required Banks;

(ix) such UCC Lien search reports as Administrative Agent shall require, conducted in such jurisdictions and reflecting such names as Administrative Agent shall request;

(x) copies of the certificate of incorporation or certificate of formation, and all amendments thereto, of Borrower and each other Credit Party accompanied by a certificate that such copy is true, correct and complete issued by the appropriate Governmental Authority of the State of Delaware and accompanied by a certificate of the Secretary or comparable Authorized Officer of Borrower and each other Credit Party that such copy is true, correct and complete as of the Closing Date;

(xi) copies of the bylaws or limited liability company agreement, and all amendments thereto, of Borrower and each other Credit Party, accompanied by a certificate of the Secretary or comparable Authorized Officer of Borrower and each other Credit Party that each such copy is true, correct and complete as of the Closing Date;

(xii) certain certificates and other documents issued by the appropriate Governmental Authorities of the states of formation and the other states listed on **Schedule 3** hereto, as applicable, relating to the existence of each Credit Party and to the effect that each applicable Credit Party is organized or qualified to do business in such jurisdiction is in good standing with respect to the payment of franchise and similar Taxes and is duly qualified to transact business in such jurisdictions;

(xiii) a certificate of incumbency of all officers of Borrower and each other Credit Party who will be authorized to execute or attest to any Loan Paper, dated the Closing Date, executed by the Secretary or comparable Authorized Officer of Borrower and each other Credit Party;

(xiv) copies of resolutions or comparable authorizations and consents approving the Loan Papers and authorizing the transactions contemplated by this Agreement and the other Loan Papers, duly adopted by the Board of Directors (or similar managing body) of Borrower and each other Credit Party, accompanied by certificates of the Secretary or comparable officer of Borrower and each other Credit Party that such copies are true and correct copies of resolutions duly adopted at a meeting of or (if permitted by applicable Law and, if required by such Law, by the Bylaws, or other charter documents of Borrower and each other Credit Party) by the unanimous written consent of the Board of Directors (or similar managing body) of Borrower and each other Credit Party, and that such resolutions constitute all the resolutions adopted with respect to such transactions, have not been amended, modified, or revoked in any respect, and are in full force and effect as of the Closing Date;

(xv) certificates from the Credit Parties' insurance providers setting forth the insurance maintained by the Credit Parties, showing that insurance meeting the requirements of **Section 8.5** is in full force and effect and that all premiums due with respect thereto have been paid, showing Administrative Agent as loss payee with respect to all such property or casualty policies and as additional insured with respect to all such liability policies, and stating that such insurer will provide Administrative Agent with at least 30 days' advance notice of cancellation of any such policy;

(xvi) certificates, together with undated, blank stock powers (or the equivalent for Persons that are not corporations) for each certificate, representing all of the certificated issued and outstanding Equity of each direct or indirect Subsidiary of Borrower;

(xvii) a solvency certificate of the chief financial officer or chief executive officer of Borrower in form and substance reasonably satisfactory to the Administrative Agent, certifying the solvency of Borrower and its Subsidiaries, on a consolidated basis, after giving effect to the Closing Transactions; and

(xviii) to the extent requested by any Bank, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

(b) Fees and Expenses. All fees and expenses of Administrative Agent, the Arrangers, the Banks and their respective Affiliates in connection with the credit facilities provided herein (including those payable pursuant to **Section 2.13**) shall have been paid.

(c) Title Review. Administrative Agent or its counsel shall have completed a review of title regarding that portion of the Borrowing Base Properties which results in evidence of title satisfactory to Administrative Agent and its counsel covering not less than the Required Reserve Value of all Borrowing Base Properties, and such review shall not have revealed any condition or circumstance which would reflect that the representations and warranties contained in **Section 7.8** and **Section 7.9** are inaccurate in any respect.

(d) No Legal Prohibition. The transactions contemplated by this Agreement and the other Loan Papers shall be permitted by applicable Law and regulation and such Laws and regulations shall not subject Administrative Agent, any Bank, or any Credit Party to any Material Adverse Change.

(e) No Litigation. No litigation, arbitration or similar proceeding shall be pending which calls into question the validity or enforceability of this Agreement and/or the other Loan Papers.

(f) Review of Properties. Administrative Agent or its counsel shall have completed a due diligence review of the Credit Parties' Mineral Interests and other operations, including a review of facts or circumstances known to them which would constitute a material violation of any Applicable Environmental Law or which would likely to result in a material liability to any Credit Party, and/or otherwise reveal any condition or circumstance which would reflect that the representations and warranties contained in **Section 7.16** are inaccurate in any material respect.

(g) Collateral Security. The Administrative Agent shall be reasonably satisfied that the requirements of **Section 5.1** are satisfied as of the Effective Date.

(h) Consents and Approvals. All governmental and third party consents and all equityholder and board of directors (or comparable entity management body) authorizations shall have been obtained and shall be in full force and effect.

(i) Other Matters. All matters related to this Agreement, the other Loan Papers, any Credit Party and the Closing Transactions shall be acceptable to Administrative Agent, and Borrower shall have delivered to Administrative Agent and each Bank such evidence as they shall request to substantiate any matters related to this Agreement, the other Loan Papers, any Credit Party or the Closing Transactions as Administrative Agent or any Bank shall request.

For purposes of determining compliance with the conditions specified in this **Section 6.1**, each Bank that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required under this **Section 6.1** to be consented to or approved by or acceptable or satisfactory to a Bank unless the Administrative Agent shall have received notice from such Bank prior to the Effective Date specifying its objection thereto. All documents executed or submitted pursuant to this **Section 6.1** by and on behalf of Borrower or any of its Subsidiaries shall be in form and substance satisfactory to the Administrative Agent and its counsel. The Administrative Agent shall notify the Banks of the Effective Date, and such notice shall be conclusive and binding.

Section 6.2 Conditions to each Borrowing and each Letter of Credit. The obligation of each Bank to loan its Commitment Percentage of each Borrowing and the obligation of any Letter of Credit Issuer to issue Letters of Credit on the date any Letter of Credit is to be issued is subject to the further satisfaction of the following conditions:

(a) timely receipt by Administrative Agent of a Request for Borrowing or Request for Letter(s) of Credit (as applicable);

(b) immediately before and after giving effect to such Borrowing or issuance of such Letter(s) of Credit, (i) no Default or Event of Default shall have occurred and be continuing, (ii) neither such Borrowing nor the issuance of such Letter(s) of Credit (as applicable) shall cause a Default or Event of Default and (iii) the Consolidated Cash Balance shall not exceed $50,000,000;

(c) the representations and warranties of each Credit Party contained in this Agreement and the other Loan Papers shall be true and correct in all material respects on and as of the date of such Borrowing or the issuance of such Letter(s) of Credit (as applicable), except to the extent such representations and warranties (i) are expressly stated as of a certain date, in which case such representations and warranties shall be true and correct in all material respects as of such date or (ii) are already qualified by materiality, Material Adverse Effect or a similar qualification, in which case, such representations and warranties shall be true and correct in all respects.

(d) the funding of such Borrowing or the issuance of such Letter(s) of Credit (as applicable) and all other Borrowings to be made and/or Letter(s) of Credit to be issued (as applicable) on the same day under this Agreement, shall not cause the total Outstanding Revolving Credit to exceed the Total Commitment; and

(e) following the issuance of any Letter(s) of Credit, the aggregate Letter of Credit Exposure of all Banks shall not exceed $80,000,000.

Each Borrowing and the issuance of each Letter of Credit hereunder shall constitute a representation and warranty by Borrower that on the date of such Borrowing or issuance of such Letter of Credit (as applicable) the statements contained in subclauses (b), (c), (d) and (e) above are true.

Section 6.3 Materiality of Conditions. Each condition precedent herein is material to the transactions contemplated herein, and time is of the essence in respect of each thereof.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants that each of the following statements (a) is true and correct on the Closing Date, on the Effective Date and, when made as of the Closing Date and/or as of the Effective Date, shall be deemed made after giving effect to the Closing Transactions, and (b) will be true and correct on the occasion of each Borrowing and the issuance of each Letter of Credit, except to the extent such representations and warranties are expressly stated as of a certain date, in which case such representations and warranties shall be true and correct in all material respects as of such certain date:

Section 7.1 Existence and Power. Each of the Credit Parties (a) is a corporation, limited liability company or partnership duly incorporated or organized (as applicable), and is validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization (as applicable), (b) has all corporate, limited liability company or partnership power (as applicable) and all material governmental licenses, authorizations, consents and approvals required to carry on its businesses as now conducted and as proposed to be conducted, and (c) is duly qualified to transact business as a foreign corporation, foreign limited liability company or foreign partnership (as applicable) in each jurisdiction where a failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

Section 7.2 Corporate, Limited Liability Company, Partnership and Governmental Authorization; Contravention. The execution, delivery and performance of this Agreement, the Notes, the Mortgages and the other Loan Papers by each Credit Party (as applicable) (a) are within such Credit Party's corporate, partnership, or limited liability company powers (as applicable), (b) have been duly authorized by all necessary corporate, partnership, or limited liability company action (as applicable), (c) require no action by or in respect of, or filing with, any Governmental Authority or official, and (d) do not contravene, or constitute a default under, any provision of applicable Law or regulations (including the Margin Regulations) or of the articles of association, partnership agreement, certificate of limited partnership, articles of incorporation, certificate of incorporation, bylaws, regulations or other organizational documents (as applicable) of any such Credit Party or of any agreement, judgment, injunction, order, decree or other instrument binding upon any such Credit Party or result in the creation or imposition of any Lien on any asset of any such Credit Party except Liens securing the Obligations.

Section 7.3 Binding Effect. (a) Each of this Agreement and the Notes constitutes a valid and binding agreement of Borrower; (b) the Mortgages, the Security Agreement, the Facility Guaranty and the other Loan Papers when executed and delivered in accordance with this Agreement, will then constitute valid and binding obligations of each Credit Party thereto; and (c) each Loan Paper is enforceable against each Credit Party party thereto in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar Laws affecting creditors' rights generally, and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

Section 7.4 Financial Information.

(a) The Current Financials fairly present, in conformity with GAAP, the consolidated financial position of Borrower and its consolidated results of operations and cash flows as of the date and for the periods covered thereby.

(b) There has been no material adverse effect on the business, assets, liabilities, financial condition or results of operations of the Credit Parties, taken as a whole, relative to that set forth in the financial statements of Borrower and its consolidated Subsidiaries as of December 31, 2019.

Section 7.5 Litigation. Except for matters disclosed on **Schedule 2** hereto, there is no action, suit or proceeding pending against, or to the knowledge of any Credit Party, threatened against or affecting any Credit Party before any court, arbitrator, Governmental Authority or official in which there is a reasonable possibility of an adverse decision which could reasonably be expected to have a Material Adverse Effect, which could in any manner draw into question the validity of the Loan Papers.

Section 7.6 ERISA.

(a) Each Credit Party and each ERISA Affiliate have complied in all material respects with ERISA and, where applicable, the Code regarding each Plan.

(b) Each Plan is, and has been, established and maintained in substantial compliance with its terms, ERISA and, where applicable, the Code.

(c) No act, omission or transaction has occurred which could result in imposition on Borrower, any Subsidiary of Borrower or any ERISA Affiliate (whether directly or indirectly) of (i) either a civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code or (ii) breach of fiduciary duty liability damages under section 409 of ERISA.

(d) Full payment when due has been made of all amounts which Borrower, the Subsidiaries of Borrower or any ERISA Affiliate is required under the terms of each Plan or applicable Law to have paid as contributions to such Plan as of the Closing Date.

(e) Neither any Credit Party nor any ERISA Affiliate sponsors, maintains, or contributes to an employee welfare benefit plan, as defined in section 3(1) of ERISA, including any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by any Credit Party or any ERISA Affiliate in its sole discretion at any time without any material liability.

(f) Neither any Credit Party nor any ERISA Affiliate sponsors, maintains or contributes to, or has at any time in the six-year period preceding the Closing Date sponsored, maintained or contributed to, any employee pension benefit plan, as defined in section 3(2) of ERISA, that is subject to Title IV of ERISA, section 302 of ERISA or section 412 of the Code.

Section 7.7 Taxes and Filing of Tax Returns. Each Credit Party has filed all material tax returns required to have been filed and has paid all Taxes shown to be due and payable on such returns, including interest and penalties, and all other Taxes which are payable by such party, to the extent the same have become due and payable other than Taxes with respect to which a failure to pay would not reasonably be expected to have a Material Adverse Effect. Borrower does not know of any proposed material Tax assessment against any Credit Party, and each Credit Party maintains adequate reserves in accordance with GAAP with respect to all of its Tax liabilities of and those of its predecessors. Except as disclosed in writing to Banks, no Tax liability of any Credit Party, or any of their predecessors, has been asserted by the Internal Revenue Service for Taxes, in excess of those already paid.

Section 7.8 Title to Properties; Liens. Each Credit Party has good and valid title to all material assets purported to be owned by it. Without limiting the foregoing, Borrower and/or its applicable Subsidiaries have good, valid and defensible title to all Borrowing Base Properties (except for Borrowing Base Properties disposed of in compliance with, and to the extent permitted by **Section 9.5** to the extent this representation and warranty is made or deemed made after the Closing Date), free and clear of all Liens, except for Liens permitted by **Section 9.3**.

Section 7.9 Mineral Interests. All Borrowing Base Properties are valid, subsisting, and in full force and effect, and all rentals, royalties, and other amounts due and payable in respect thereof have been duly paid. Without regard to any consent or non-consent provisions of any joint operating agreement covering any Credit Party's Proved Mineral Interests, each Credit Party's share of (a) the costs attributable to each Borrowing Base Property is not greater than the decimal fraction set forth in the Reserve Report, before and after payout, as the case may be, and described therein by the respective designations "working interests", "WI", "gross working interest", "GWI", or similar terms, unless such greater share of costs is offset by a corresponding proportionate increase in the applicable Credit Parties' net revenue interest in such Borrowing Base Property, and (b) production from, allocated to, or attributed to each such Borrowing Base Property is not less than the decimal fraction set forth in the Reserve Report, before and after payout, as the case may be, and described therein by the designations "net revenue interest," "NRI," or similar terms.

Section 7.10 Business; Compliance. Each Credit Party has performed and abided by all obligations required to be performed under each license, permit, order, authorization, grant, contract, agreement, or regulation to which such Credit Party is a party or by which such Credit Party or any of the assets of such Credit Party are bound to the extent a failure to perform and abide by such obligations could reasonably be expected to have a Material Adverse Effect; *provided that*, to the extent Mineral Interests owned by any such Credit Party are operated by operators other than such Credit Party or an Affiliate of such Credit Party, Borrower does not have any knowledge that any such obligation remains unperformed in any material respect, and the appropriate Person has enforced the contractual obligations of such operators in accordance with reasonable commercial practices in the industry in order to ensure performance.

Section 7.11 Licenses, Permits, Etc. Each Credit Party possesses such valid franchises, certificates of convenience and necessity, operating rights, licenses, permits, consents, authorizations, exemptions and orders of tribunals, as are necessary to carry on its businesses as now being conducted except to the extent a failure to obtain any such item would not reasonably be expected to have a Material Adverse Effect; *provided that*, to the extent Mineral Interests owned by any Credit Party are operated by operators other than such Credit Party or an Affiliate of such Credit Party, Borrower does not have any knowledge that possession of such items has not been obtained, and the appropriate Person has enforced and shall enforce the contractual obligations of such operators in accordance with reasonable commercial practices in the industry in order to obtain such items.

Section 7.12 Compliance with Law; Compliance with Anti-Corruption Laws and Sanctions.

(a) Except as to Mineral Interests owned by any Credit Party and operated by operators other than any Credit Party or an Affiliate of Credit Party, the business and operations of each Credit Party have been and are being conducted in accordance with all applicable Laws, rules and regulations including, without limitation all Margin Regulations, of all tribunals and Governmental Authorities, other than Laws, rules and regulations the violation of which could not (either individually or collectively) reasonably be expected to have a Material Adverse Effect.

(b) With respect to Mineral Interests owned by any Credit Party and operated by operators other than any Credit Party or an Affiliate of any Credit Party, to Borrower's knowledge, the operations in respect of such Mineral Interests are being conducted in accordance with all applicable Laws, rules and regulations of all tribunals and Governmental Authorities, other than Laws, rules and regulations the violation of which could not (either individually or collectively) reasonably be expected to have a Material Adverse Effect. The appropriate Person has diligently enforced all contractual obligations of such operators in accordance with reasonable commercial practices in the industry in order to ensure compliance by such operators with all applicable Laws, rules and regulations of all tribunals and Governmental Authorities, other than Laws, rules and regulations the violation of which could not (either individually or collectively) reasonably be expected to have a Material Adverse Effect.

(c) Borrower has implemented and maintains in effect policies and procedures which are designed to achieve compliance by Borrower, its Subsidiaries and their respective directors, officers, employees and agents (acting in their respective capacities as such) with Anti-Corruption Laws and applicable Sanctions. Borrower and each of its Subsidiaries is in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (i) Borrower or any Subsidiary or (ii) to the knowledge of Borrower, any of their respective directors, officers, employees or agents is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

Section 7.13 Ownership Interests. The Reserve Reports most recently provided to Banks accurately reflect, and all Reserve Reports hereafter delivered pursuant to this Agreement will accurately reflect, in all material respects, the ownership interests in the Mineral Interests referred to therein (including all before and after payout calculations).

Section 7.14 Full Disclosure. All written information heretofore furnished by or on behalf of any Credit Party to Administrative Agent, any Arranger, or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such written information hereafter furnished by or on behalf of any Credit Party to Administrative Agent, any Arranger, or any Bank will be, when taken as a whole , true, complete, and accurate in every material respect and based on reasonable estimates on the date as of which such written information is stated or certified (it being understood that actual results may vary materially from the financial projections provided hereunder); *provided* that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. Borrower has disclosed to Banks in writing any and all facts (other than facts of general public knowledge) which might reasonably be expected to have a Material Adverse Effect, or might adversely affect (to the extent Borrower can now reasonably foresee), the business, operations, prospects or condition, financial or otherwise, of each Credit Party or the ability of each Credit Party to perform its obligations under this Agreement and the other Loan Papers.

Section 7.15 Organizational Structure; Nature of Business. The primary business of each Credit Party is the acquisition, exploration, development and operation of Mineral Interests, and/or the production and/or marketing of Hydrocarbons and accompanying elements therefrom. As of the Closing Date, **Schedule 3** hereto accurately reflects (a) the jurisdiction of incorporation or organization of each Credit Party, (b) each jurisdiction in which each Credit Party is qualified to transact business as a foreign corporation, foreign partnership or foreign limited liability company, (c) the authorized, issued and outstanding stock, partnership or limited liability interests of each Subsidiary of Borrower, including the names of (and number of shares or other equity interests held by) the record and beneficial owners of such interests, and (d) all outstanding warrants, options, subscription rights, convertible securities or other rights to purchase capital stock, partnership or limited liability company interests of each Subsidiary of Borrower. Except as set forth in this **Section 7.15** and in **Schedule 3** hereto, as of the Closing Date, no Person holds record or beneficial ownership of any capital stock or other equity interest in any Subsidiary of Borrower or any other right or option to acquire any capital stock or other equity interest in any Subsidiary of Borrower and, without limiting the foregoing, there are not outstanding any warrants, options, subscription rights or other rights to purchase stock or other equity interests in any Subsidiary of Borrower. No Credit Party has made or presently holds any Investments other than Permitted Investments. Except as set forth in **Schedule 3** hereto, as of the Closing Date, Borrower does not have any Subsidiaries, and no Credit Party is a partner or joint venturer in any partnership or joint venture or a member of any unincorporated association.

Section 7.16 Environmental Matters. No real or personal property owned or leased by any Credit Party (including Mineral Interests) and no operations conducted thereon, and no operations of any prior owner, lessee or operator of any such properties, is or has been in violation of any Applicable Environmental Law other than violations which neither individually nor in the aggregate will have a Material Adverse Effect, nor is any such property or operation the subject of any existing, pending or, to Borrower's knowledge, threatened Environmental Complaint which could, individually or in the aggregate, have a Material Adverse Effect. All notices, permits, licenses, and similar authorizations, if any, required to be obtained or filed in connection with the ownership or operation of any and all real and personal property owned, leased or operated by any Credit Party, including notices, licenses, permits and authorizations required in connection with any past or present treatment, storage, disposal, or release of Hazardous Substances into the environment, have been duly obtained or filed except to the extent the failure to obtain or file such notices, licenses, permits and authorizations would not reasonably be expected to have a Material Adverse Effect. All Hazardous Substances, if any, generated at any and all real and personal property owned, leased or operated by any Credit Party have been transported, treated, and disposed of only by carriers maintaining valid permits under RCRA and all other Applicable Environmental Laws. There have been no Hazardous Discharges which were not in compliance with Applicable Environmental Laws other than Hazardous Discharges which would not, individually or in the aggregate, have a Material Adverse Effect. No Credit Party has any contingent liability in connection with any Hazardous Discharges which could reasonably be expected to have a Material Adverse Effect.

Section 7.17 Burdensome Obligations. No Credit Party is a party to or bound by any agreement (other than the Loan Papers and any Senior Notes Indenture), or subject to any Law or order of any Governmental Authority, which prohibits or restricts in any way the right of such party to (a) grant Liens to the Administrative Agent and the Banks on or in respect of their assets and properties to secure the Obligations and the Loan Papers or (b) make Distributions.

Section 7.18 Government Regulations. No Credit Party is subject to regulation under the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other Law or regulation which regulates the incurring by it of Debt, including Laws relating to common carriers or the sale of electricity, gas, steam, water or other public utility services.

Section 7.19 No Default. Neither a Default nor an Event of Default has occurred and is continuing.

Section 7.20 Gas Balancing Agreements and Advance Payment Contracts. As of the Closing Date, (a) there is no Material Gas Imbalance, and (b) the aggregate amount of all Advance Payments received by any Credit Party under Advance Payment Contracts which have not been satisfied by delivery of production does not exceed $250,000.

Section 7.21 Qualified ECP Guarantor. Borrower has total assets exceeding $10,000,000 and is a Qualified ECP Guarantor.

Section 7.22 Solvency. As of the Closing Date and as of the date of any Borrowing or the issuance or extension of any Letter of Credit, the Credit Parties, taken as a whole are, and will be, Solvent.

ARTICLE VIII
AFFIRMATIVE COVENANTS

Borrower agrees that, so long as any Bank has any commitment to lend or participate in Letter of Credit Exposure hereunder or any amount payable under any Loan remains unpaid or any Letter of Credit remains outstanding:

Section 8.1 Information. Borrower will deliver, or cause to be delivered, to each Bank:

(a) as soon as available and in any event within 120 days after the end of each Fiscal Year of Borrower, consolidated balance sheets of Borrower as of the end of such Fiscal Year and the related consolidated statements of income and cash flow for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year of Borrower all reported on by independent public accountants of recognized national standing (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of Borrower, commencing with the Fiscal Quarter ending March 31, 2017, consolidated balance sheets of Borrower as of the end of such Fiscal Quarter and the related consolidated statements of income and cash flow for such Fiscal Quarter and for the portion of Borrower’s Fiscal Year ended at the end of such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of Borrower’s previous Fiscal Year;

(c) simultaneously with the delivery of each set of financial statements referred to in **Section 8.1(a)** and **Section 8.1(b)**, a certificate of the chief financial officer or chief executive officer of Borrower in the form of **Exhibit F** hereto, (i) setting forth in reasonable detail the calculations required to establish whether Borrower was in compliance with the requirements of **Article X** on the date of such financial statements, (ii) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto, (iii) stating whether or not such financial statements fairly present in all material respects the results of operations and financial condition of Borrower as of the date of the delivery of such financial statements and for the period covered thereby, (iv) setting forth (A) whether as of such date there is a Material Gas Imbalance and, if so, setting forth the amount of net gas imbalances under Gas Balancing Agreements to which any Credit Party is a party or by which any Mineral Interests owned by any Credit Party are bound, and (B) the aggregate amount of all Advance Payments received under Advance Payment Contracts to which Borrower or any Subsidiary is a party or by which any Mineral Interests owned by any Credit Party are bound which have not been satisfied by delivery of production, if any, and (v) a summary of the Hedge Transactions to which any Credit Party is a party on such date;

(d) immediately upon any Authorized Officer of any Credit Party becoming aware of the occurrence of any Default under any of the Loan Papers, including a Default under **Article X**, a certificate of an Authorized Officer of Borrower setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto;

(e) prompt notice of any Material Adverse Change in the financial condition of any Credit Party;

(f) promptly upon receipt of same, any notice or other information received by any Credit Party indicating any potential, actual or alleged (i) non-compliance with or violation of the requirements of any Applicable Environmental Law which could result in liability to any Credit Party for fines, clean up or any other remediation obligations or any other liability in excess of $5,000,000 in the aggregate; (ii) release or threatened release of any Hazardous Discharge which release would impose on any Credit Party a duty to report to a Governmental Authority or to pay cleanup costs or to take remedial action under any Applicable Environmental Law which could result in liability to any Credit Party for fines, clean up and other remediation obligations or any other liability in excess of $5,000,000 in the aggregate; or (iii) the existence of any Lien arising under any Applicable Environmental Law securing any obligation to pay fines, clean up or other remediation costs or any other liability in excess of $5,000,000 in the aggregate; without limiting the foregoing, Borrower shall provide to Banks promptly upon receipt of same copies of all environmental consultants or engineers reports received by any Credit Party which would render the representations and warranties contained in **Section 7.16** untrue or inaccurate in any respect;

(g) in the event any notification is provided by any Credit Party to any Bank or Administrative Agent pursuant to **Section 8.1(f)** or Administrative Agent or any Bank otherwise learns of any event or condition under which any such notice would be required, then, upon request of Required Banks, Borrower shall, within ninety (90) days of such request, cause to be furnished to each Bank a report by an environmental consulting firm acceptable to Administrative Agent and Required Banks, stating that a review of such event, condition or circumstance has been undertaken (the scope of which shall be acceptable to Administrative Agent and Required Banks) and detailing the findings, conclusions, and recommendations of such consultant; Borrower shall bear all expenses and costs associated with such review and updates thereof, as well as all remediation or curative action recommended by any such environmental consultant;

(h) prompt notice of any actions, suits, proceedings, claims or disputes pending or, to the knowledge of Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Credit Party or against any of their properties or revenues that (i) purport to affect or pertain to this Agreement or any other Loan Paper, or the consummation of the Closing Transactions or any transaction governed by the Loan Papers, or (ii) either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect;

(i) simultaneously with the delivery of each set of financial statements referred to in **Section 8.1(a)** and **Section 8.1(b)**, but in no event later than sixty (60) days after the end of the applicable Fiscal Year or Fiscal Quarter, a report setting forth, for each calendar month during the then current fiscal year to date, the volume of production and sales attributable to production (and the prices at which such sales were made and the revenues derived from such sales) for each such calendar month from the Mineral Interests, and setting forth the related ad valorem, severance and production taxes and lease operating expenses attributable thereto and incurred for each such calendar month, such information being reported on a property by property basis and otherwise in form and substance acceptable to the Administrative Agent;

(j) prompt notice of any material change in accounting policies or financial reporting practices by any Credit Party;

(k) from time to time such additional information regarding the financial position or business of each Credit Party (including any Plan and any reports or other information required to be filed with respect thereto under the Code or under ERISA and a list of all Persons purchasing Hydrocarbons from any Credit Party) as Administrative Agent, at the request of any Bank, may reasonably request;

(l) prompt written notice, and in any event within three (3) Business Days, of (i) the occurrence of any loss, casualty or other damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any property of Borrower or any other Credit Party having a fair market value in excess of $10,000,000 or (ii) the commencement of any action or proceeding that could reasonably be expected to result in a such an event;

(m) in the event Borrower or any other Credit Party enters into a letter of intent, term sheet or other document, agreement or understanding evidencing its intent to sell, transfer, assign or otherwise dispose of any Mineral Interests, prompt (and in any event within five (5) Business Days) written notice of such (together with a copy of any such document), the price thereof and the anticipated date of closing and any other details thereof requested by the Administrative Agent or any Bank;

(n) promptly, but in any event within five (5) Business Days after the execution thereof, copies of any amendment, modification or supplement to the certificate or articles of incorporation, by-laws, any preferred stock designation or any other organic document of Borrower or any other Credit Party;

(o) prompt written notice (and in any event no less than thirty (30) days prior thereto) of any change (i) in Borrower or any Credit Party's company name or in any trade name used to identify such Person in the conduct of its business or in the ownership of its properties, (ii) in the location of Borrower or any Credit Party's chief executive office or principal place of business, (iii) in Borrower or any Credit Party's identity or company structure or in the jurisdiction in which such Person is incorporated or formed, (iv) in Borrower or any Credit Party's jurisdiction of organization or such Person's organizational identification number in such jurisdiction of organization, and (v) in Borrower or any Credit Party's federal taxpayer identification number;

(p) prompt written notice of all created or acquisition of any new Subsidiary of Borrower and to comply, and cause such Subsidiary to comply, with **Article V**; and

(q) prompt written notice of the amendment, modification or termination of any Hedge Agreement or the termination of any Hedge Transaction.

Any information that Borrower is required to deliver to the Administrative Agent or any, or all, Banks pursuant to the foregoing clauses (a) and (b) of this **Section 8.1** shall be deemed delivered if and when such information is filed on EDGAR or the equivalent thereof with the SEC.

Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Banks and the Letter of Credit Issuer materials and/or information provided by or on behalf of Borrower hereunder (collectively, "**Borrower Materials**") by posting Borrower Materials on IntraLinks or another similar electronic system (the "**Platform**") and (b) certain of the Banks (each, a "**Public Bank**") may have personnel who do not wish to receive material non-public information with respect to Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Borrower hereby agrees that (i) it will use commercially reasonable efforts to identify that portion of Borrower Materials that may be distributed to the Public Banks; (ii) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (iii) by marking Borrower Materials "PUBLIC," Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the Letter of Credit Issuers and the Banks to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to Borrower or its securities for purposes of United States Federal and state securities laws (*provided that*, to the extent such Borrower Materials constitute confidential information subject to **Section 14.14**, they shall be treated as set forth in **Section 14.14**); (iv) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (v) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

Section 8.2 Business of Credit Parties. The primary business of each Credit Party will continue to be the acquisition, exploration, development and operation of Mineral Interests, and/or the production and/or marketing of Hydrocarbons and accompanying elements therefrom. Borrower will not, and will not permit any Credit Party to (a) at any time maintain its jurisdiction of organization in any jurisdiction outside of the United States of America or (b) acquire or make any other expenditure (whether such expenditure is capital, operating or otherwise) in or related to, any Mineral Interests not located within the geographical boundaries of the United States.

Section 8.3 Maintenance of Existence. Borrower shall, and shall cause each of the other Credit Parties to, at all times (a) maintain its corporate, partnership or limited liability company existence (as applicable) in its state of organization, and (b) maintain its good standing and qualification to transact business in all jurisdictions where the failure to maintain good standing or qualification to transact business could reasonably be expected to have a Material Adverse Effect; *provided that*, the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under **Section 9.4**.

Section 8.4 Right of Inspection; Books and Records.

(a) Borrower will permit, and will cause each other Credit Party to permit, any officer, employee or agent of Administrative Agent or any Bank to visit and inspect any of the assets of any Credit Party, examine each Credit Party's books of record and accounts, take copies and extracts therefrom, and discuss the affairs, finances and accounts of each Credit Party with any of such Credit Party's officers, accountants and auditors, all upon reasonable advance notice and at such reasonable times and as often as Administrative Agent or any Bank may desire, all at the expense of Borrower; *provided that*, prior to the occurrence of an Event of Default, neither Administrative Agent nor any Bank will require any Credit Party to incur any unreasonable expense as a result of the exercise by Administrative Agent or any Bank of its rights pursuant to this **Section 8.4**.

(b) Borrower will, and will cause each other Credit Party to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Borrower or such other Credit Party, as the case may be.

Section 8.5 Maintenance of Insurance. Borrower will, and will cause each other Credit Party to, at all times maintain or cause to be maintained insurance covering such risks as are customarily carried by businesses similarly situated (including self-insurance where appropriate), including the following: (a) workmen's compensation insurance; (b) employer's liability insurance; (c) comprehensive general public liability and property damage insurance in respect of all activities in which any Credit Party might incur personal liability for the death or injury of an employee or third person, or damage to or destruction of another's property; (d) comprehensive automobile liability insurance; and (e) property and casualty insurance with respect to its assets. All loss payable clauses or provisions in all policies of insurance maintained by the Credit Parties pursuant to this **Section 8.5** shall be endorsed in favor of and made payable to Administrative Agent for the ratable benefit of Banks, as their interests may appear. Administrative Agent shall be named an additional insured with respect to all of the Credit Parties' liability policies to the extent permitted by Law. Administrative Agent for the ratable benefit of Banks shall have the right to collect, and Borrower hereby assigns to Administrative Agent for the ratable benefit of Banks, any and all monies that may become payable under any such policies of insurance by reason of damage, loss or destruction of any property which stands as security for the Obligations or any part thereof, and Administrative Agent may, at its election (which election shall be made in the reasonable discretion of Administrative Agent with the consent of Required Banks), either apply for the ratable benefit of Banks all or any part of the sums so collected toward payment of the Obligations (or the portion thereof with respect to which such property stands as security), whether or not such Obligations are then due and payable, in such manner as Administrative Agent may elect or release same to Borrower.

Section 8.6 Payment of Obligations. Borrower will, and will cause each other Credit Party to, pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all Taxes imposed upon it or any of its assets or with respect to any of its franchises, business, income or profits, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the applicable Credit Party and the Credit Parties have notified Administrative Agent of such circumstances, in detail satisfactory to Administrative Agent, (b) all material claims (including claims for labor, services, materials and supplies) for sums which have become due and payable and which by Law have or might become a Lien (other than a Permitted Encumbrance) on any of its assets, and (c) all Debt, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Debt.

Section 8.7 Compliance with Laws and Documents.

(a) Borrower will, and will cause each other Credit Party to, comply with all Laws, its articles or certificate of incorporation, certificate of limited partnership, partnership agreement, bylaws, regulations and similar organizational documents and all Material Agreements to which any Credit Party is a party, if a violation, alone or when combined with all other such violations, could reasonably be expected to have a Material Adverse Effect.

(b) Borrower will maintain in effect and enforce policies and procedures which are reasonably expected to achieve compliance by Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 8.8 Operation of Properties and Equipment.

(a) Borrower will, and will cause each other Credit Party to, maintain, develop and operate its Mineral Interests in a good and workmanlike manner, and observe and comply with all of the terms and provisions, express or implied, of all oil and gas leases relating to such properties so long as such oil and gas leases are capable of producing Hydrocarbons and accompanying elements in paying quantities, to the extent that the failure to so observe and comply could reasonably be expected to have a Material Adverse Effect.

(b) Borrower will, and will cause each other Credit Party to, comply in all respects with all contracts and agreements applicable to or relating to its Mineral Interests or the production and sale of Hydrocarbons and accompanying elements therefrom, except to the extent a failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(c) Borrower will, and will cause each other Credit Party to, maintain, preserve and keep all operating equipment used with respect to its Mineral Interests in proper repair, working order and condition, and make all necessary or appropriate repairs, renewals, replacements, additions and improvements thereto so that the efficiency of such operating equipment shall at all times be properly preserved and maintained; *provided that*, no item of operating equipment need be so repaired, renewed, replaced, added to or improved, if a Credit Party shall in good faith determine that such action is not necessary or desirable for the continued efficient and profitable operation of the business of such Credit Party.

(d) With respect to Mineral Interests of any Credit Party which are operated by operators other than such Credit Party, no Credit Party shall be obligated itself to perform any undertakings contemplated by the covenants and agreements contained in this **Section 8.8** which are performable only by such operators and are beyond the control of such Credit Party, but shall be obligated to seek to enforce such operators' contractual obligations to maintain, develop and operate the Mineral Interests in accordance with such operating agreements.

Section 8.9 Further Assurances. Borrower will, and will cause each other Credit Party to, execute and deliver or cause to be executed and delivered such other and further instruments or documents and take such further action as in the judgment of Administrative Agent may be required to carry out the provisions and purposes of the Loan Papers, including to create, preserve, protect and perfect the Liens of the Administrative Agent for the ratable benefit of the Banks and other holders of Obligations as required by **Article V**.

Section 8.10 Environmental Law Compliance and Indemnity. Borrower will, and will cause each other Credit Party to, comply with all Applicable Environmental Laws, including (a) all licensing, permitting, notification and similar requirements of Applicable Environmental Laws, and (b) all provisions of Applicable Environmental Law regarding storage, discharge, release, transportation, treatment and disposal of Hazardous Substances, except where the failure to comply could not reasonably be expected to have a Material Adverse Effect. Borrower will, and will cause each other Credit Party to, promptly pay and discharge when due all debts, claims, liabilities and obligations with respect to any clean-up or remediation measures necessary to comply with Applicable Environmental Laws. Borrower hereby indemnifies and agrees to defend and hold Banks and their successors and assigns harmless from and against any and all claims, demands, causes of action, loss, damage, liabilities, costs and expenses (including reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by any Bank at any time and from time to time, including those asserted or arising subsequent to the payment or other satisfaction of the Loans, by reason of or arising out of the ownership, construction, occupancy, operation, use and maintenance of any of the collateral for the Loans, including matters arising out of the negligence of any Bank; *provided that*, this indemnity shall not apply with respect to matters caused by or arising out of (i) with respect to each Bank, the gross negligence or willful misconduct of such Bank, as determined by a court of competent jurisdiction in a final, non-appealable judgment (IT BEING THE EXPRESS INTENTION HEREBY THAT BANKS SHALL BE INDEMNIFIED FROM THE CONSEQUENCES OF THEIR NEGLIGENCE); and (ii) the construction, occupancy, operation, use and maintenance of the collateral for the Loans by any owner, lessee or party in possession of the collateral for the Loans subsequent to the ownership of the collateral for the Loans by Borrower; *provided further that*, this subclause (ii) shall not exclude from the foregoing indemnity and agreement, liability, claims, demands, causes of action, loss, damage, costs and expenses imposed by reason of the ownership of the collateral for the Loans by Banks after purchase by Banks at any foreclosure sale or transfer in lieu thereof from any Credit Party in partial or entire satisfaction of the Loans (unless the same shall be solely attributable to the subsequent use of the collateral by Banks during their ownership thereof). The foregoing indemnity and agreement applies to the violation of any Applicable Environmental Law prior to the payment or other satisfaction of the Loans and any act, omission, event or circumstance existing or occurring on or about the collateral for the Loans (including the presence on the collateral for the Loans or release from the collateral for the Loans of asbestos or other Hazardous Substances disposed of or otherwise present in or released prior to the payment or other satisfaction of the Loans). It shall not be a defense to the covenant of Borrower to indemnify that the act, omission, event or circumstance did not constitute a violation of any Applicable Environmental Law at the time of its existence or occurrence. The provisions of this **Section 8.10** shall survive the repayment of the Loans and shall continue thereafter in full force and effect. In the event of the transfer of the Loans or any portion thereof, Banks or any prior holder of the Loans and any participants shall continue to be benefited by this indemnity and agreement with respect to the period of such holding of the Loans.

Section 8.11 Title Data. In addition to the title information required by **Section 5.2** and **Section 6.1(c)**, Borrower shall, upon the request of Required Banks, cause to be delivered to Administrative Agent such title opinions or other information regarding title to Mineral Interests owned by Borrower or any other Credit Party as are appropriate to determine the status thereof; *provided that*, Banks may not require Borrower to furnish title opinions (except pursuant to **Section 5.2** and **Section 6.1(c)**) unless (a) an Event of Default shall have occurred and be continuing, or (b) Required Banks have reason to believe that there is a defect in or encumbrance upon Borrower's title to such Mineral Interests that is not a Permitted Encumbrance. If Borrower has failed to provide title information requested under this **Section 8.11** within a 90-day period following a request therefor or if Borrower is unable to cure any title defect requested by the Administrative Agent or the Banks to be cured within a 90-day period following such request, such default shall not be a Default, but instead the Administrative Agent and/or the Required Banks shall have the right to exercise the following remedy in their sole discretion from time to time, and any failure to so exercise this remedy at any time shall not be a waiver as to future exercise of the remedy by the Administrative Agent or the Banks. To the extent that the Administrative Agent or the Required Banks are not satisfied with title to any Mineral Interest after the 90-day period has elapsed, such unacceptable Mineral Interest shall not count towards the requirement to evidence good title to Mineral Interests constituting the Required Reserve Value, and the Administrative Agent may send a notice to Borrower and the Banks that the then outstanding Borrowing Base shall be reduced by an amount as determined by the Required Banks to cause Borrower to be in compliance with the requirement to provide acceptable title information on Mineral Interests constituting the Required Reserve Value. This new Borrowing Base shall become effective immediately after receipt of such notice and any resulting Borrowing Base Deficiency shall be cured in accordance with **Section 4.4**.

Section 8.12 ERISA Reporting Requirements. Borrower will promptly furnish and will cause the other Credit Parties and any ERISA Affiliate to promptly furnish to the Administrative Agent (a) promptly after the filing thereof with the United States Secretary of Labor or the Internal Revenue Service, copies of each annual and other report with respect to each Plan or any trust created thereunder, and (b) immediately upon becoming aware of the occurrence of any "prohibited transaction," as described in section 406 of ERISA or in section 4975 of the Code, in connection with any Plan or any trust created thereunder, a written notice signed by the President or the principal Financial Officer, the Credit Party or the ERISA Affiliate, as the case may be, specifying the nature thereof, what action Borrower, Credit Party or ERISA Affiliate is taking or proposes to take with respect thereto, and, when known, any action taken or proposed by the Internal Revenue Service or the Department of Labor with respect thereto.

Section 8.13 Commodity Exchange Act Keepwell Provisions.

(a) Borrower hereby guarantees the payment and performance of all Obligations of each Credit Party (other than Borrower) and absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Benefitting Guarantor in order for such Benefitting Guarantor to honor its obligations (without giving effect to (b)) under the Facility Guaranty and any other Loan Paper including obligations with respect to Hedge Transactions (*provided*, *however*, *that* Borrower shall only be liable under this **Section 8.13(a)** for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this **Section 8.13(a)**, or otherwise under this Agreement or any Loan Paper, as it relates to such Benefitting Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of Borrower under this **Section 8.13(a)** shall remain in full force and effect until all Obligations are paid in full to the Banks, Administrative Agent and all other Persons to whom Obligations are owing, and all of the Banks' Commitments are terminated. Borrower intends that this **Section 8.13(a)** constitute, and this **Section 8.13(a)** shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each Benefitting Guarantor for all purposes of Section 1a(18)(A)(v)(ii) of the Commodity Exchange Act.

(b) Notwithstanding any other provisions of this Agreement or any other Loan Paper, Obligations guaranteed by any Guarantor, or secured by the grant of any Lien by such Guarantor under any Loan Paper, shall exclude all Excluded Swap Obligations with respect to such Guarantor.

Section 8.14 EEA Financial Institutions. No Credit Party is an EEA Financial Institution.

Section 8.15 Accounts. All of the Accounts other than Excluded Accounts of the Credit Parties shall at all times be subject to an Account Control Agreement; provided, that in the case of any Account acquired pursuant to an acquisition permitted under **Section 9.12** (and which was not formed in contemplation of such acquisition), so long as Borrower provides the Administrative Agent with written notice of the existence of such Account within five (5) Business Days following the date of such acquisition (or such later date as the Administrative Agent may agree in its sole discretion), Borrower will have thirty (30) days (or such later date as the Administrative Agent may agree in its sole discretion) to (a) transfer such account to an account with a Lender and (b) subject such account to an Account Control Agreement. Notwithstanding anything to the contrary, with respect to each Account of the Credit Parties in existence on the Effective Date, the Credit Parties shall, no later than June 2, 2017 (or such later date as the Administrative Agent may agree in its sole discretion), deliver to the Administrative Agent duly executed Account Control Agreements as are required pursuant to this **Section 8.15**.

ARTICLE IX
NEGATIVE COVENANTS

Borrower agrees that, so long as any Bank has any commitment to lend or participate in Letter of Credit Exposure hereunder or any amount payable under any Loan remains unpaid or any Letter of Credit remains outstanding:

Section 9.1 Debt. Borrower will not, nor will Borrower permit any other Credit Party to, incur, become or remain liable for any Debt other than (a) the Obligations, (b) Debt of any Credit Party to any other Credit Party, (c) Permitted Purchase Money Debt, (d) subject to any adjustment to the Borrowing Base required under **Section 2.15**, Senior Notes and any guarantees thereof and any Permitted Refinancing Debt, *provided that*, solely with respect to Senior Notes not constituting Permitted Refinancing Debt, (i) such Senior Notes do not have any scheduled amortization prior to the stated maturity of such Senior Notes, (ii) such Senior Notes do not mature sooner than a date that is at least one-hundred and eighty (180) days following the Termination Date in effect on the date of issuance of such Senior Notes, (iii) such Senior Notes and any guarantees thereof are on market terms for similar instruments of issuers of similar size and credit quality given the then prevailing market conditions, (iv) as determined in good faith by the senior management of Borrower, such Senior Notes and any guarantees thereof are on terms, taken as a whole, no more restrictive or burdensome than this Agreement, *provided that* (A) the financial maintenance covenants with respect to such Senior Notes are not more restrictive than those in this Agreement and (B) the representations and warranties, covenants (other than financial maintenance covenants) and events of default of such Senior Notes are not, taken as a whole, more restrictive or burdensome than those in this Agreement, and (v) such Senior Notes do not have any mandatory prepayment or redemption provisions (other than customary change of control or asset sale tender offer provisions) which would require a mandatory prepayment or redemption in priority to the Obligations, and (e) other Debt in an amount not to exceed at any time $20,000,000 in the aggregate.

Solely for purposes of clause (d) of this **Section 9.1**, any Permitted Senior Debt for the payment of which the proceeds of other Senior Notes or Permitted Refinancing Debt has been deposited in trust or otherwise set aside shall be deemed no longer "outstanding" so long as such Permitted Senior Debt is repaid within sixty (60) days after the Credit Parties' receipt of proceeds of such other Senior Notes or Permitted Refinancing Debt.

Section 9.2 Restricted Payments. Borrower will not, nor will Borrower permit any other Credit Party to, declare, pay or make, or incur any liability to declare, pay or make, any Restricted Payment, except that Borrower may:

(a) declare and pay dividends with respect to its Equity payable solely in additional shares of its Equity (or in *de minimis* amounts of cash payable in lieu of partial shares of its Equity); and

(b) make Distributions from and after April 1, 2020; so long as immediately after giving effect to any such Distribution (i) no Default or Event of Default exists or results therefrom, (ii) undrawn Commitments are greater than or equal to thirty-five percent (35%) of the Total Commitment, (iii) the Borrower will be in pro forma compliance with the financial covenant set forth in **Section 10.1(a)**, (iv) the Consolidated Total Leverage Ratio on a pro forma basis is not greater than 2.00 to 1.00, in the case of both (iii) and (iv), Net Debt or Total Debt, as applicable, shall be determined as of the date of calculation after giving effect to such Distribution occurring on such date and Consolidated EBITDAX shall be determined as if such Distribution occurred on the last day of the Fiscal Quarter then most recently ended for which financial statements have been received pursuant to **Section 8.1** and (v) the Amount of Capped Distributions, Investments and Redemptions is not greater than $100,000,000; *and provided*, *further* that (x) any Equity repurchased pursuant to this **Section 9.2(b)** shall be contemporaneously cancelled by the Borrower and (y) for clarity, (1) such cancellation is not restricted by **Section 9.5** and does not trigger any requirement that the Borrower or any other Credit Party take any further action to be in compliance therewith, and (2) the requirement set forth in clause (iv) of this **Section 9.2(b)** is applicable only at the time of such Distribution after giving effect to any related borrowing or Debt issuance and does not require that the Consolidated Total Leverage Ratio be maintained at not greater than 2.00 to 1.00 subsequent to giving effect to such Distribution and any related borrowing or Debt issuance.

Section 9.3 Liens; Negative Pledge. Borrower will not, nor will Borrower permit any other Credit Party to, create, assume or suffer to exist any Lien on any asset owned by it other than (a) Permitted Encumbrances, and (b) Liens existing on any asset prior to the acquisition thereof by any Credit Party or existing on any asset of any Person that becomes a Credit Party after the date hereof prior to the time such Person becomes a Credit Party; *provided that* (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Credit Party, as the case may be, (ii) such Lien shall not at any time apply to or encumber any other assets of the Credit Party, (iii) such Lien shall not at any time attach to any Mineral Interests of the Credit Parties, and (iv) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Credit Party, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof. Borrower will not, nor will Borrower permit any other Credit Party to, enter into or become subject to any agreement that prohibits or otherwise restricts the right of any Credit Party to create, assume or suffer to exist any Lien in favor of the Secured Parties on any Credit Party's assets.

Section 9.4 Consolidations and Mergers. Without the prior written consent of Super Majority Banks, Borrower will not, nor will Borrower permit any other Credit Party to, consolidate or merge with or into any other Person; *provided that*, so long as no Default or Event of Default exists or will result, Borrower or any wholly owned Subsidiary of Borrower that is a Credit Party may merge or consolidate with any other Credit Party, *provided further that*, if Borrower is a party to any such merger or consolidation, Borrower must be the surviving entity of such merger or consolidation.

Section 9.5 Asset Dispositions. Borrower will not, nor will Borrower permit any other Credit Party to, sell, lease, transfer, abandon or otherwise dispose of any asset other than (a) the sale in the ordinary course of business of Hydrocarbons produced from any Credit Party's Mineral Interests, (b) the sale, lease, transfer, abandonment or other disposition of machinery, equipment and other personal property and fixtures which are (i) made in connection with a release, surrender or abandonment of a well, or (ii) (A) obsolete for their intended purpose and disposed of in the ordinary course of business, or (B) replaced by articles of comparable suitability owned by any Credit Party, free and clear of all Liens except Permitted Encumbrances, (c) the sale of equity interest in Medallion (for the sake of clarity, until such time, if any, as Medallion shall become a Subsidiary, the sale of any or all of the assets of Medallion is not restricted by this Agreement), (d) Asset Dispositions at no less than fair market value (as reasonably determined by Borrower); *provided that*, (A) no Asset Disposition shall be permitted pursuant to this clause (d) unless all mandatory prepayments required by **Section 2.6** in connection with such Asset Disposition are made concurrently with the closing thereof, and (B) Borrower or other applicable Credit Party shall within 30 days following the closing of each Asset Disposition novate, unwind or terminate Oil and Gas Hedge Transactions as needed to comply with **Section 9.10** and (e) the Legacy Asset Disposition; *provided that*, each of the Legacy Asset Disposition Conditions have been satisfied. In no event will Borrower issue, sell, transfer or dispose of, or permit any other Credit Party to issue, sell, transfer or dispose of, any capital stock or other equity interest in any Subsidiary of such Credit Party, nor will Borrower permit any other Credit Party to issue or sell any capital stock in such Credit Party or other equity interest or any option, warrant or other right to acquire such capital stock or equity interest or security convertible into such capital stock or equity interest to any Person other than the Person which is the direct parent of such issuer on the Closing Date.

Section 9.6 Use of Proceeds. Borrower will not request any Borrowing or Letter of Credit, and Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of Borrowings for any purpose other than to finance the acquisition, exploration, and development of Mineral Interests, for working capital and general corporate purposes (for the sake of clarity, including, to the extent permitted under **Section 9.13** and the other provisions of this Agreement, the Redemption of Senior Notes), and to pay fees and expenses incurred in connection with the Closing Transactions. None of the proceeds of the Loans or any Letter of Credit issued hereunder will be used, directly or indirectly, (a) for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any Margin Stock, (b) in violation of applicable Law or regulation (including the Margin Regulations), (c) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (d) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Person known by Borrower to be a Sanctioned Person, or in any Sanctioned Country, or (e) in any manner that would result in the violation of any Sanctions applicable to any party hereto. Letters of Credit will be issued hereunder only for the purpose of securing bids, tenders, bonds, contracts and other obligations entered into in the ordinary course of Borrower's business and to secure obligations of Borrower and its Subsidiaries under Oil and Gas Hedge Transactions; *provided that*, the aggregate Letter of Credit Exposure of all Banks under all Hedge Transaction Letters of Credit shall not exceed $10,000,000 at any time. Without limiting the foregoing, with the exception of Hedge Transaction Letters of Credit permitted pursuant to the preceding sentence, no Letters of Credit will be issued hereunder for the purpose of or providing credit enhancement with respect to any Debt or equity security of any Credit Party or to secure any Credit Party's obligations with respect to Hedge Transactions other than Hedge Transactions with a Bank or an Affiliate of a Bank.

Section 9.7 Investments. Borrower will not, nor will Borrower permit any other Credit Party to, directly or indirectly, make any Investment other than Permitted Investments.

Section 9.8 Transactions with Affiliates. Borrower will not, nor will Borrower permit any other Credit Party to, engage in any material transaction with any of their Affiliates (other than transactions among Credit Parties unless such transaction is generally as favorable to such Credit Party as could be obtained in an arm's length transaction with an unaffiliated Person in accordance with prevailing industry customs and practices. Notwithstanding the foregoing, the restrictions set forth in this **Section 9.8** shall not apply to the payment of reasonable and customary fees to directors of any Credit Party who are not employees of any Credit Party.

Section 9.9 ERISA. Borrower will not, and will not permit any Credit Party to, at any time:

(a) engage in, or permit any ERISA Affiliate to engage in, any transaction in connection with which Borrower, any Credit Party or any ERISA Affiliate could be subjected to either a civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of section 502 of ERISA or a tax imposed by Chapter 43 of Subtitle D of the Code.

(b) fail to make, or permit any ERISA Affiliate to fail to make, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, Borrower, any Credit Party or any ERISA Affiliate is required to pay as contributions thereto.

(c) contribute to or assume an obligation to contribute to, or permit any ERISA Affiliate to contribute to or assume an obligation to contribute to (i) any employee welfare benefit plan, as defined in section 3(1) of ERISA, including any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by such entities in their sole discretion at any time without any material liability, or (ii) any employee pension benefit plan, as defined in section 3(2) of ERISA, that is subject to Title IV of ERISA, section 302 of ERISA or section 412 of the Code.

Section 9.10 Hedge Transactions.

(a) Borrower will not, nor will Borrower permit any other Credit Party to, enter into or, subject to clause (B) of the proviso in the first sentence of **Section 9.5**, permit to exist any Oil and Gas Hedge Transactions (other than (x) purchased put options or price floors with respect to Hydrocarbons and (y) Oil and Gas Hedge Transactions Liquidated, or to be Liquidated, pursuant to the Legacy Asset Disposition Agreement) (i) with a duration longer than five years from the date the applicable Oil and Gas Hedge Transaction is entered into or (ii) whereby the volume of Hydrocarbons with respect to which a settlement payment is calculated would exceed (A) for the first 24 months after the date of execution of such Hedge Transaction (the "**First Measurement Period**"), 100% and (B) for the first 36 months immediately following the First Measurement Period, 75%, in each case, (x) of Borrower's anticipated production (assuming no curtailment or interruption of transportation for such anticipated production) from Proved Mineral Interests and (y) without duplication of the "put" and "call", notional quantities of any collars. Borrower will not, nor will Borrower permit any other Credit Party to, enter into any commodity, interest rate, currency or other swap, option, collar or other derivative transaction pursuant to which any Credit Party speculates on the movement of commodity prices, securities prices, interest rates, financial markets, currency markets or other items; *provided that*, nothing contained in this **Section 9.10(a)** shall prohibit any Credit Party from (1) entering into interest rate swaps or other interest rate hedge transactions pursuant to which such Credit Party hedges interest rate risk with respect to the interest reasonably anticipated to be incurred pursuant to this Agreement, (2) entering into Oil and Gas Hedge Transactions otherwise permitted by this **Section 9.10(a)** or **Section 9.10(b)**, or (3) making Permitted Investments;

(b) Borrower the other Credit Parties may enter into Hedge Agreements that would be permitted by **Section 9.10(a)** pertaining to Mineral Interests to be acquired pursuant to a Specified Acquisition; *provided* that Hedge Agreements pursuant to this **Section 9.10(b)** must be Liquidated upon the earlier to occur of: (i) the date that is 90 days after the execution of the purchase and sale agreement relating to the Specified Acquisition to the extent that such Specified Acquisition has not been consummated by such date and (ii) any Credit Party knows with reasonable certainty that the Specified Acquisition will not be consummated; and

(c) Borrower will not, and will not permit any other Credit Party to, Liquidate any Hedge Agreement (other than Hedge Agreements Liquidated, or to be Liquidated, pursuant to the Legacy Asset Disposition Agreement) in respect of commodities unless (x) if such Swap Liquidation would result in an automatic redetermination of the Borrowing Base pursuant to **Section 4.6**, Borrower delivers reasonable prior written notice thereof to the Administrative Agent, and (y) if a Borrowing Base Deficiency would result from such Swap Liquidation as a result of an automatic redetermination of the Borrowing Base pursuant to **Section 4.6**, Borrower prepays Borrowings, prior to or contemporaneously with the consummation of such Swap Liquidation to the extent that such prepayment would have been required under **Section 2.6(a)** after giving effect to such automatic redetermination of the Borrowing Base.

Section 9.11 Operating Leases. Borrower will not, nor will Borrower permit any other Credit Party to, incur, become, or remain liable under any Operating Lease which would cause the aggregate amount of all Rentals payable by any Credit Party in any Fiscal Year to be greater than $20,000,000.

Section 9.12 Acquisition. Without the prior written consent of Required Banks, Borrower will not, nor will Borrower permit any other Credit Party to, acquire, in a single transaction or a series of related transactions, all or substantially all of the assets or capital stock (or other outstanding equity interests) of any Person, or all or substantially all of the assets comprising a division of any Person; *provided* that, nothing contained in this **Section 9.12** shall prohibit Borrower or any other Credit Party from making (i) the Sabalo Acquisition and (ii) any other acquisition of a Person whose primary business is the acquisition, exploration, development and operation of Mineral Interests, and/or the production and/or marketing of Hydrocarbons and accompanying elements therefrom or any other acquisition which is permitted by the terms of this Agreement, including acquisitions of Hydrocarbons and Mineral Interests, and any Permitted Investment.

Section 9.13 Repayment of Senior Notes; Amendment to Terms of Senior Indenture. Borrower will not, and will not permit any other Credit Party to:

(a) call, make or offer to make any optional or voluntary Redemption of or otherwise optionally or voluntarily Redeem (whether in whole or in part) the Senior Notes prior to the date that is one-hundred and eighty (180) days after the Termination Date except that Borrower may call, make or offer to make Redemptions from and after April 1, 2020; so long as immediately after giving effect to such Redemptions (and any Borrowings incurred in connection therewith), (i) no Default or Event of Default exists or results therefrom, (ii) undrawn Commitments are greater than or equal to thirty-five percent (35%) of the Total Commitment, (iii) the Borrower will be in pro forma compliance with the financial covenant set forth in **Section 10.1(a)**, (iv) the Consolidated Total Leverage Ratio on a pro forma basis is not greater than 2.50 to 1.00 (or solely with respect to Specified Senior Notes Repurchases for an aggregate repurchase price not to exceed $50,000,000, not greater than 2.75 to 1.00), and (v) the Amount of Capped Distributions, Investments and Redemptions is not greater than $100,000,000; or

(b) amend, modify, waive or otherwise change, consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Senior Notes or the Senior Notes Indenture if (i) the effect thereof would be to shorten the maturity of the Senior Notes or shorten the average life or increase the amount of any payment of principal thereof or increase the rate or scheduled recurring fee or add call or pre-payment premiums or shorten any period for payment of interest thereon, (ii) such action requires the payment of a consent fee (howsoever described), (iii) such action increases the interest rate margins applicable to the Senior Notes or alters the calculation of interest thereunder, (iv) such action adds or amends any representations and warranties, covenants or events of default to be more restrictive or burdensome than this Agreement without this Agreement being contemporaneously amended to add similar provisions or (v) adds or changes any redemption, put or prepayment provisions; *provided that* the foregoing shall not prohibit the execution of supplemental agreements to add guarantors if required by the terms thereof (*provided that* any such guarantor also guarantees the Obligations pursuant to the Facility Guaranty and each of Borrower and such guarantor otherwise complies with **Section 5.4**).

Section 9.14 Non-Eligible Contract Participants. Borrower shall not permit any Credit Party that is not an Eligible Contract Participant to own, at any time, any Mineral Interests or any Equity in any Subsidiaries.

Section 9.15 Legacy Asset Disposition Agreement. After the Sixth Amendment Effective Date, Borrower shall not permit any amendment, waiver, modification or consent to the Legacy Asset Disposition Agreement that is materially adverse to the interests of the Banks (it being understood that any additions or increases in the Legacy Assets including, without limitation, any additions or increases in the working interests or otherwise pertaining to Mineral Interests to be acquired by Sixth Street pursuant to the Legacy Asset Disposition Agreement shall be deemed to be materially adverse to the Banks).

Section 9.16 Sabalo Acquisition Agreement. After the Sixth Amendment Effective Date, Borrower shall not permit any amendment, waiver, modification or consent to the Sabalo Acquisition Agreement that is materially adverse to the interests of the Banks (it being understood that any reductions or decreases in the Sabalo Assets including, without limitation, any reductions or decreases in the working interests or otherwise pertaining to Mineral Interests to be acquired by Borrower pursuant to the Sabalo Acquisition Agreement shall be deemed to be materially adverse to the Banks).

ARTICLE X
FINANCIAL COVENANTS

Section 10.1 Financial Covenants. Borrower agrees that, so long as any Bank has any commitment to lend or participate in Letter of Credit Exposure hereunder or any amount payable under any Loan remains unpaid or any Letter of Credit remains outstanding:

(a) As of the end of any Fiscal Quarter, commencing with the Fiscal Quarter ending March 31, 2017, Borrower will not permit its ratio of Consolidated Current Assets to Consolidated Current Liabilities to be less than 1.00 to 1.00; and

(b) Borrower will not (i) as of the last day of any Fiscal Quarter ending on or prior to September 30, 2020, permit the Consolidated Total Leverage Ratio for the Rolling Period then ending to be greater than 4.25 to 1.00; (ii) as of the last day of any Fiscal Quarter ending on or prior to March 31, 2021, permit the Consolidated Total Leverage Ratio for the Rolling Period then ending to be greater than 4.00 to 1.00; and (iii) as of the last day of any Fiscal Quarter ending on or after June 30, 2021, permit the Consolidated Total Leverage Ratio for the Rolling Period then ending to be greater than 3.75 to 1.00.

ARTICLE XI
DEFAULTS

Section 11.1 Events of Default. If one or more of the following events (collectively "**Events of Default**" and individually an "**Event of Default**") shall have occurred and be continuing:

(a) Borrower shall fail to pay when due any principal of any Loan or any reimbursement obligation with respect to any Letters of Credit when due;

(b) Borrower shall fail to pay any accrued interest due and owing on any Loan or any fees or any other amount payable hereunder when due and such failure shall continue for a period of five (5) Business Days following the due date;

(c) any Credit Party shall fail to observe or perform any covenant or agreement applicable thereto contained in **Section 4.4**, **Section 8.1(d)**, **Section 8.3(a)**, **Section 8.5**, **Article IX**, or **Article X**;

(d) any Credit Party shall fail to observe or perform any covenant or agreement contained in this Agreement or the other Loan Papers (other than those covered by **Section 11.1(a)**, **Section 11.1(b)** and **Section 11.1(c)**) and such failure continues for a period of 30 days after the earlier of (i) the date any Authorized Officer of any Credit Party acquires knowledge of such failure, or (ii) written notice thereof has been given to any such Credit Party by Administrative Agent at the request of any Bank;

(e) any representation, warranty, certification or statement made or deemed to have been made by any Credit Party in this Agreement or by any Credit Party or any other Person on behalf of any Credit Party in any other Loan Paper or any other certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made, deemed made, or confirmed.

(f) (i) any Credit Party shall fail to make any payment when due on any Debt in a principal amount equal to or greater than $50,000,000, or any event or condition (A) shall occur which results in the acceleration of the maturity of any Debt (other than Debt under or in connection with a Hedge Agreement) of any such Credit Party in a principal amount equal to or greater than $50,000,000 individually or in the aggregate, or (B) shall occur which entitles (or, with the giving of notice or lapse of time or both, would unless cured or waived, entitle) the holder of such Debt to accelerate the maturity thereof; or (ii) there occurs under any Hedge Agreement an Early Termination Date (as defined in such Hedge Agreement if applicable), or such Hedge Agreement is otherwise terminated prior to the scheduled term of the applicable transaction, in each case, resulting from (A) any event of default under such Hedge Agreement as to which any Credit Party is the defaulting party or (B) any Termination Event (as defined in such Hedge Agreement, if applicable) under such Hedge Agreement as to which any Credit Party is an Affected Party (as so defined, if applicable) and, in either event, the net hedging obligation owed by such Credit Party as a result thereof is greater than $50,000,000;

(g) any Credit Party shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate or partnership action to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against any Credit Party seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against any Credit Party under the federal bankruptcy Laws as now or hereafter in effect;

(i) one (1) or more judgments or orders for the payment of money aggregating in excess of $50,000,000 (to the extent not covered by independent third party insurance provided by insurers of the highest claims paying rating or financial strength as to which the insurer does not dispute coverage and is not subject to an insolvency proceeding) shall be rendered against any Credit Party and such judgment or order (i) shall continue unsatisfied and unstayed (unless bonded with a supersedeas bond at least equal to such judgment or order) for a period of 60 days, or (ii) is not fully paid and satisfied at least 10 days prior to the date on which any of its assets may be lawfully sold to satisfy such judgment or order;

(j) any Credit Party shall incur Environmental Liabilities which, individually or when considered in the aggregate, exceed $50,000,000 (to the extent not covered by independent third party insurance provided by insurers of the highest claims paying rating or financial strength as to which the insurer does not dispute coverage and is not subject to an insolvency proceeding);

(k) this Agreement or any other Loan Paper shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by any Credit Party, or any Credit Party shall deny that it has any further liability or obligation under any of the Loan Papers, or any Lien created by the Loan Papers shall for any reason (other than the express release thereof by a written instrument executed by Administrative Agent in accordance with the Loan Papers) cease to be a valid, first priority, perfected Lien (other than Permitted Encumbrances) upon any of the property purported to be covered thereby;

(l) Borrower shall fail to cure any Borrowing Base Deficiency in accordance with **Section 2.6** or **Section 4.4**;

(m) a Change of Control shall occur; or

(n) an Event of Default (as defined in the Senior Notes Indenture) shall occur under the Senior Notes Indenture;

then, and in every such event, Administrative Agent shall without presentment, notice or demand (unless expressly provided for herein) of any kind (including notice of intention to accelerate and acceleration), all of which are hereby waived, (i) if requested by Required Banks, terminate the Commitments and they shall thereupon terminate, and (ii) if requested by Required Banks, take such other actions as may be permitted by the Loan Papers including, declaring the Loan Papers, or any of them, (together with accrued interest thereon) to be, and the Loans, or any of them, shall thereupon become, immediately due and payable; *provided that* (iii) in the case of any of the Events of Default specified in **Section 11.1(g)** or **Section 11.1(h)**, without any notice to Borrower or any other Credit Party or any other act by Administrative Agent or Banks, the Commitments shall thereupon terminate and the Loans (together with accrued interest thereon) shall become immediately due and payable.

ARTICLE XII
AGENTS

Section 12.1 Appointment and Authorization of Administrative Agent; Secured Hedge Transactions.

(a) Each Bank hereby irrevocably (subject to **Section 12.10**) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Paper and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Paper, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Paper, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Bank or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Paper or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Papers with reference to the Administrative Agent, any syndication agent or documentation agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each Letter of Credit Issuer shall act on behalf of the Banks with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the Administrative Agent may agree at the request of the Required Banks to act for such Letter of Credit Issuer with respect thereto; *provided*, *however*, *that* each Letter of Credit Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this **Article XII** with respect to any acts taken or omissions suffered by a Letter of Credit Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent" as used in this **Article XII** included each Letter of Credit Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to each Letter of Credit Issuer.

Section 12.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Paper by or through agents, sub-agents, employees or attorneys in fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects in the absence of gross negligence or willful misconduct.

Section 12.3 Default; Collateral.

(a) Upon the occurrence and continuance of a Default or Event of Default, the Banks agree to promptly confer in order that Required Banks or the Banks, as the case may be, may agree upon a course of action for the enforcement of the rights of the Banks; and the Administrative Agent shall be entitled to refrain from taking any action (without incurring any liability to any Person for so refraining) unless and until the Administrative Agent shall have received instructions from Required Banks or the Banks, as the case may be. All rights of action under the Loan Papers and all right to the collateral under the Loan Papers, if any, hereunder may be enforced by the Administrative Agent and any suit or proceeding instituted by the Administrative Agent in furtherance of such enforcement shall be brought in its name as the Administrative Agent without the necessity of joining as plaintiffs or defendants any other Bank, and the recovery of any judgment shall be for the benefit of the Banks (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable) subject to the expenses of the Administrative Agent. In actions with respect to any property of Borrower or any other Credit Party, the Administrative Agent is acting for the ratable benefit of each Bank (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable). Any and all agreements to subordinate (whether made heretofore or hereafter) other indebtedness or obligations of Borrower to the Obligations shall be construed as being for the ratable benefit of each Bank (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable).

(b) Each Bank authorizes and directs the Administrative Agent to enter into the other Loan Papers on behalf of and for the benefit of such Bank (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable) (or if previously entered into, hereby ratifies the Administrative Agent's (or any predecessor administrative agent's) previously entering into such agreements and other Loan Papers).

(c) Except to the extent unanimity (or other percentage set forth in **Section 14.2**) is required hereunder, each Bank agrees that any action taken by the Required Banks in accordance with the provisions of the Loan Papers, and the exercise by the Required Banks of the power set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Banks.

(d) The Administrative Agent is hereby authorized on behalf of the Banks, without the necessity of any notice to or further consent from any Bank, from time to time to take any action with respect to any collateral under the Loan Papers or any Loan Papers which may be necessary to perfect and maintain perfected the Liens upon such collateral granted pursuant to the other Loan Papers.

(e) The Administrative Agent shall not have any obligation whatsoever to any Bank or to any other Person to assure that such collateral exists or is owned by the Person purporting to own it or is cared for, protected, or insured or has been encumbered or that the Liens granted to the Administrative Agent (or any predecessor administrative agent) herein or pursuant thereto have been properly or sufficiently or lawfully created, perfected, protected, or enforced, or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the rights granted or available to the Administrative Agent in this **Section 12.3** or in any of the other Loan Papers; IT BEING UNDERSTOOD AND AGREED THAT IN RESPECT OF THE COLLATERAL UNDER THE LOAN PAPERS, OR ANY ACT, OMISSION, OR EVENT RELATED THERETO, THE ADMINISTRATIVE AGENT MAY (AS BETWEEN THE ADMINISTRATIVE AGENT AND THE BANKS) ACT IN ANY MANNER IT MAY DEEM APPROPRIATE, IN ITS SOLE DISCRETION, GIVEN THE ADMINISTRATIVE AGENT'S OWN INTEREST IN SUCH COLLATERAL AS ONE OF THE BANKS AND THAT THE ADMINISTRATIVE AGENT SHALL HAVE NO DUTY OR LIABILITY WHATSOEVER TO ANY BANK (AND, WITH RESPECT TO CERTAIN HEDGE TRANSACTIONS THAT ARE SECURED UNDER THE LOAN PAPERS, AFFILIATES, IF APPLICABLE), OTHER THAN TO ACT WITHOUT GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(f) The Banks hereby irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any collateral under the Loan Papers: (i) constituting property in which neither Borrower nor any other Credit Party owned an interest at the time the Lien was granted or at any time thereafter; (ii) constituting property leased to Borrower or any other Credit Party under a lease which has expired or been terminated in a transaction permitted under the Loan Papers or is about to expire and which has not been, and is not intended by Borrower or such Credit Party to be, renewed; (iii) consisting of an instrument or other possessory collateral evidencing Debt or other obligations pledged to the Administrative Agent (for the benefit of the Secured Parties), if the Debt or obligations evidenced thereby has been paid in full or otherwise superseded, or (iv) constituting property disposed of in the Legacy Asset Disposition, an Asset Disposition or other transaction permitted under the Loan Papers. In addition, the Banks irrevocably authorize the Administrative Agent to release Liens upon collateral under the Loan Papers as contemplated herein, or if approved, authorized, or ratified in writing by the requisite Banks. Upon request by the Administrative Agent at any time, the Banks will confirm in writing the Administrative Agent's authority to release particular types or items of such collateral pursuant to this **Section 12.3**.

(g) In furtherance of the authorizations set forth in this **Section 12.3**, each Bank hereby irrevocably appoints the Administrative Agent its attorney-in-fact, with full power of substitution, for and on behalf of and in the name of each such Bank (i) to enter into the other Loan Papers (including, without limitation, any appointments of substitute trustees under any such Loan Papers), (ii) to take action with respect to the other Loan Papers and the collateral thereunder to perfect, maintain, and preserve Banks' Liens, and (iii) to execute instruments of release or to take other action necessary to release Liens upon any such collateral to the extent authorized in paragraph (f) hereof. This power of attorney shall be liberally, not restrictively, construed so as to give the greatest latitude to the Administrative Agent's power, as attorney, relative to the matters described in this **Section 12.3** relating to collateral. The powers and authorities herein conferred on the Administrative Agent may be exercised by the Administrative Agent through any Person who, at the time of the execution of a particular instrument, is an officer of the Administrative Agent (or any Person acting on behalf of the Administrative Agent pursuant to a valid power of attorney). The power of attorney conferred by this **Section 12.3(g)** to the Administrative Agent is granted for valuable consideration and is coupled with an interest and is irrevocable so long as the Obligations, or any part thereof, shall remain unpaid or the Banks are obligated to make any Loan or issue any Letter of Credit under the Loan Papers.

Section 12.4 Liability of Administrative Agent. NO INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT SHALL (a) BE LIABLE FOR ANY ACTION TAKEN OR OMITTED TO BE TAKEN BY ANY OF THEM UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN PAPER OR THE TRANSACTIONS CONTEMPLATED HEREBY (EXCEPT FOR ITS OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN CONNECTION WITH ITS DUTIES EXPRESSLY SET FORTH HEREIN), or (b) be responsible in any manner to any Bank or participant for any recital, statement, representation or warranty made by Borrower or any other Credit Party or any officer thereof, contained herein or in any other Loan Paper, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Paper, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Paper, or for the creation, perfection or priority of any Liens purported to be created by any of the Loan Papers, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, or to make any inquiry respecting the performance by Borrower of its obligations hereunder or under any other Loan Paper, or for any failure of Borrower or any other Credit Party or any other party to any Credit Party to perform its obligations hereunder or thereunder. No Indemnified Entity of the Administrative Agent shall be under any obligation to any Bank or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Paper, or to inspect the properties, books or records of Borrower or any other Credit Party or any Affiliate thereof.

Section 12.5 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, electronic mail, or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to Borrower or any other Credit Party), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Paper unless it shall first receive such advice or concurrence of the requisite Required Banks or the Super Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Paper in accordance with a request or consent of the requisite Required Banks, Super Majority Banks or all the Banks, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and participants. Where this Agreement expressly permits or prohibits an action unless the requisite Required Banks or Super Majority Banks otherwise determine, the Administrative Agent shall, and in all other instances, the Administrative Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the requisite Banks.

(b) For purposes of determining compliance with the conditions specified in **Section 6.1**, each Bank that has funded its Commitment Percentage of the initial Loan on the Effective Date (or, if there is no Loan made on such date, each Bank other than Banks who gave written objection to the Administrative Agent prior to such date) shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Bank (or otherwise made available for such Bank on SyndTrak Online, DXSyndicate™ or any similar website) for consent, approval, acceptance or satisfaction, or required hereunder to be consented to or approved by or acceptable or satisfactory to a Bank.

Section 12.6 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Banks of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be directed by the Required Banks in accordance with this Agreement; *provided*, *however*, *that* unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

Section 12.7 Credit Decision; Disclosure of Information by Administrative Agent. Each Bank acknowledges that no Indemnified Entity of the Administrative Agent has made any representation or warranty to it, and that no act by the Administrative Agent hereinafter taken, including any consent to and acceptance of any assignment or review of the affairs of Borrower or any other Credit Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Indemnified Entity of the Administrative Agent to any Bank as to any matter, including whether Indemnified Entities of the Administrative Agent have disclosed material information in their possession. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon any Indemnified Entity of the Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and each other Credit Party, and all applicable bank or other regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower hereunder. Each Bank also represents that it will, independently and without reliance upon any Indemnified Entity of the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Papers, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and the other Credit Parties. In this regard, each Bank acknowledges that Vinson & Elkins L.L.P. is acting in this transaction as counsel to the Administrative Agent. Each other party hereto will consult with its own legal counsel to the extent that it deems necessary in connection with the Loan Papers and the matters contemplated therein. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Credit Parties or any of their respective Affiliates which may come into the possession of any Indemnified Entity of the Administrative Agent.

Section 12.8 Indemnification of Agents. WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED, THE BANKS SHALL INDEMNIFY UPON DEMAND EACH INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT (TO THE EXTENT NOT REIMBURSED BY OR ON BEHALF OF BORROWER AND WITHOUT LIMITING THE OBLIGATION OF BORROWER TO DO SO), IN ACCORDANCE WITH THEIR RESPECTIVE COMMITMENT PERCENTAGES, AND HOLD HARMLESS EACH INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT FROM AND AGAINST ANY AND ALL INDEMNIFIED LIABILITIES INCURRED BY IT (INCLUDING SUCH INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT'S OWN NEGLIGENCE); *PROVIDED*, *HOWEVER*, *THAT* NO BANK SHALL BE LIABLE FOR THE PAYMENT TO ANY INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT OF ANY PORTION OF SUCH INDEMNIFIED LIABILITIES RESULTING FROM SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; *provided*, *however*, *that* no action taken in accordance with the directions of the Required Banks shall be deemed to constitute gross negligence or willful misconduct for purposes of this **Section 12.8**. Without limitation of the foregoing, each Bank shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Paper, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of Borrower. The undertaking in this **Section 12.8** shall survive termination of the Commitments, the payment of all Obligations hereunder and the resignation or replacement of the Administrative Agent.

Section 12.9 Administrative Agent in its Individual Capacity. Wells Fargo Bank, N.A. and its Affiliates may make loans to, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with Borrower and its Affiliates as though Wells Fargo Bank, N.A. were not the Administrative Agent or a Letter of Credit Issuer hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Wells Fargo Bank, N.A. or its Affiliates may receive information regarding Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of Borrower or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Wells Fargo Bank, N.A. shall have the same rights and powers under this Agreement as any other Bank and may exercise such rights and powers as though it were not the Administrative Agent or a Letter of Credit Issuer, and the terms "Bank" and "Banks" include Wells Fargo Bank, N.A. in its individual capacity.

Section 12.10 Successor Administrative Agent and Letter of Credit Issuer. The Administrative Agent or a Letter of Credit Issuer may, subject to the acceptance of the appointment of a successor as provided herein, resign at any time upon 30 days' notice to the Banks with a copy of such notice to Borrower. In addition, Borrower may, if no Event of Default exists and is continuing, request the designation by the Banks of a successor administrative agent or letter of credit issuer. Upon any such request by Borrower or notice by the Administrative Agent or a Letter of Credit Issuer, the Required Banks shall, with the consent of Borrower at all times other than during the existence of an Event of Default (which consent of Borrower shall not be unreasonably withheld, delayed or conditioned) appoint from among the Banks a successor administrative agent or letter of credit issuer. If no successor administrative agent or letter of credit issuer has both been appointed by the Required Banks and accepted within 30 days after the retiring Administrative Agent's or Letter of Credit Issuer's notice of resignation, the Administrative Agent may appoint a successor administrative agent and/or letter of credit issuer which shall (a) be a commercial bank organized under the Laws of the United States of America or of any State thereof and having a combined capital surplus of at least $500,000,000 and (b) unless the successor administrative agent and/or letter of credit issuer is a Bank, be reasonably acceptable to Borrower. Upon the acceptance of its appointment as successor administrative agent and/or letter of credit issuer hereunder, (x) such successor administrative agent and/or letter of credit issuer shall succeed to all the rights, powers and duties of the retiring Administrative Agent or Letter of Credit Issuer, (y) the terms "Administrative Agent" and "Letter of Credit Issuer" shall respectively mean such successor administrative agent and letter of credit issuer, and (z) the retiring Administrative Agent's or Letter of Credit Issuer's appointment, powers and duties as Administrative Agent or Letter of Credit Issuer shall be terminated. The retiring Letter of Credit Issuer shall remain the Letter of Credit Issuer with respect to any Letters of Credit outstanding on the effective date of its resignation and the provisions affecting such Letter of Credit Issuer with respect to Letters of Credit shall inure to the benefit of the resigning Letter of Credit Issuer until the termination of all such Letters of Credit. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this **Article XII** and **Sections 14.3** and **14.5** shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 12.11 Syndication Agent; Other Agents; Arrangers. None of the Banks or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," as a "documentation agent," any other type of agent (other than the Administrative Agent), "arranger," or "bookrunner" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

Section 12.12 Administrative Agent May File Proof of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or any other Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan or Letter of Credit Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit Exposures and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Banks, the Letter of Credit Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Banks, the Letter of Credit Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Banks, the Letter of Credit Issuers and the Administrative Agent under **Section 14.3**) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bank and Letter of Credit Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Banks and Letter of Credit Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under **Section 14.3**.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Bank or Letter of Credit Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Bank or to authorize the Administrative Agent to vote in respect of the claim of any Bank in any such proceeding.

Section 12.13 Secured Hedge Transactions. To the extent any Affiliate of a Bank is a party to a Hedge Transaction with Borrower or any other Credit Party and thereby becomes a beneficiary of the Liens pursuant to any Loan Paper, such Affiliate of a Bank shall be deemed to appoint the Administrative Agent its nominee and agent to act for and on behalf of such Affiliate in connection with such Loan Papers and to be bound by the terms of this **Article XII**, and the other provisions of this Agreement.

Section 12.14 Erroneous Payment.

(a) Each Bank and each Letter of Credit Issuer hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Bank or Letter of Credit Issuer that the Administrative Agent has determined in its sole discretion that any funds received by such Bank or Letter of Credit Issuer from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Bank or Letter of Credit Issuer (whether or not known to such Bank or Letter of Credit Issuer) or (ii) it receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, (y) that was not preceded or accompanied by a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment or (z) that such Bank or Letter of Credit Issuer otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part) then, in each case an error in payment has been made (any such amounts specified in clauses (i) or (ii) of this Section 12.14(a), whether received as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, an "**Erroneous Payment**") and the Bank or Letter of Credit Issuer, as the case may be, is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment and to the extent permitted by applicable law, such Bank or Letter of Credit Issuer shall not assert any right or claim to the Erroneous Payment, and hereby waives, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Bank and each Letter of Credit Issuer agrees that, in the case of clause (a)(ii) above, it shall promptly (and, in all events, within one Business Day of its knowledge (or deemed knowledge) of such error) notify the Administrative Agent in writing of such occurrence and, in the case of either clause (a)(i) or (a)(ii) above upon demand from the Administrative Agent, it shall promptly, but in all events no later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Bank or Letter of Credit Issuer to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(c) The Borrower and each other Credit Party hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Bank or Letter of Credit Issuer that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Bank or Letter of Credit Issuer with respect to such amount, (y) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Credit Party and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the applicable Bank, Letter of Credit Issuer, Administrative Agent or other Secured Party, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received except in the case of clauses (x), (y) and (z), to the extent such Erroneous Payment, and solely with respect to the amount of such Erroneous Payment that, comprises funds received by the Administrative Agent from the Borrower or any other Credit Party for the purposes of making such Erroneous Payment.

(d) Each party's obligations under this Section 12.14 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Bank, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under the Loan Papers.

ARTICLE XIII
PROTECTION OF YIELD; CHANGE IN LAWS

Section 13.1 Basis for Determining Interest Rate Applicable to Eurodollar Tranches Inadequate.

(a) Unless and until a Replacement Rate is implemented in accordance with **Section 13.1(b)**, if the Required Banks determine that for any reason in connection with any request for a Loan or a conversion to or continuation thereof that (i) dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Loan, (ii) adequate and reasonable means do not exist for determining the LIBOR Rate for any requested Interest Period with respect to a proposed Eurodollar Loan or with respect to clause (c) of the definition of Adjusted Base Rate, or (iii) the LIBOR Rate for any requested Interest Period with respect to a proposed Eurodollar Loan or with respect to clause (c) of the definition of Adjusted Base Rate does not adequately and fairly reflect the cost to such Banks of funding such Loan, Administrative Agent will promptly so notify Borrower and each Bank. Thereafter, the obligation of the Banks to make or maintain Eurodollar Loans and to calculate clause (c) of the definition of Adjusted Base Rate with respect to Adjusted Base Rate Loans shall be suspended until Administrative Agent (upon the instruction of the Required Banks) revokes such notice; provided that, for purposes of clarity, Adjusted Base Rate Loans shall be calculated without giving effect to clause (c) of the definition of Adjusted Base Rate during such period. Upon receipt of such notice, Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Adjusted Base Rate Loans in the amount specified therein.

(b) Notwithstanding anything to the contrary in **Section 13.1(a)** above, if at any time (i) Administrative Agent has made the determination (such determination to be conclusive absent manifest error) that (x) the circumstances described in **Section 13.1(a)(i)** or **(a)(ii)** have arisen and that such circumstances are unlikely to be temporary, or (y) the circumstances described in **Section 13.1(a)(i)** or **(a)(ii)** have not arisen but the applicable supervisor or administrator (if any) of any of the LIBOR Rate or any Governmental Authority having, or purporting to have, jurisdiction over Administrative Agent has made a public statement identifying a specific date after which the London interbank offered rate shall no longer be used for determining interest rates for loans in the United States of America syndicated loan market in the applicable currency, (ii) Wells Fargo Bank, N.A. shall publicly announce that it is no longer making loans at interest rates based on the London interbank offered rate or shall commence to make syndicated loans in the United States of America at rates that are not fixed or based upon the London interbank offered rate, or (iii) if the Borrower notifies the Administrative Agent that it has determined in good faith, that syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace the London interbank offered rate, then Administrative Agent and Borrower shall endeavor to agree upon an alternate rate of interest to the LIBOR Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States of America (the "Replacement Rate"), in which case, the Replacement Rate shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Loan Papers unless and until (A) an event described in **Section 13.1(a)(i)**, **(a)(ii)**, **(b)(i)**, **(b)(ii)** or **(b)(iii)** occurs with respect to the Replacement Rate or (B) Administrative Agent (or the Required Banks through Administrative Agent) notifies Borrower that the Replacement Rate does not adequately and fairly reflect the cost to the Banks of funding the Loans bearing interest at the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Loan Papers shall be amended solely with the consent of Administrative Agent and the Borrower, as may be necessary or appropriate, in the opinion of Administrative Agent, to effect the provisions of this **Section 13.1(b)**. Notwithstanding anything to the contrary in this Agreement or the other Loan Papers (including, without limitation, **Section 14.2**), such amendment shall become effective without any further action or consent of any other party to this Agreement so long as Administrative Agent shall not have received, within five (5) Business Days of the delivery of such amendment to the Banks, written notices from such Banks that in the aggregate constitute Required Banks, with each such notice stating that such Bank objects to such amendment. To the extent the Replacement Rate is approved by Administrative Agent in connection with this clause (b), the Replacement Rate shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for Administrative Agent, such Replacement Rate shall be applied as otherwise reasonably determined by Administrative Agent (it being understood that any such modification by Administrative Agent shall not require the consent of, or consultation with, any of the Banks).

Section 13.2 Illegality of Eurodollar Tranches.

(a) If, after the date of this Agreement, the adoption of any applicable Law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of Law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for any Bank (or its Eurodollar Lending Office) to make, maintain or fund any portion of the Loans subject to a Eurodollar Tranche and such Bank shall so notify Administrative Agent, Administrative Agent shall forthwith give notice thereof to the other Banks and Borrower. Until such Bank notifies Borrower and Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to maintain or fund any portion of the Loans subject to a Eurodollar Tranche shall be suspended. Before giving any notice to Administrative Agent pursuant to this **Section 13.2**, such Bank shall designate a different Eurodollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such Bank shall determine that it may not lawfully continue to maintain and fund any portion of the Loans outstanding subject to a Eurodollar Tranche to maturity and shall so specify in such notice, Borrower shall immediately convert the principal amount of the Loans which is subject to a Eurodollar Tranche to an Adjusted Base Rate Tranche of an equal principal amount from such Bank (on which interest and principal shall be payable contemporaneously with the unaffected Eurodollar Tranches of the other Banks).

(b) No Bank shall be required to make any Loan (or any portion thereof) hereunder if the making of such Loan (or any portion thereof) would be in violation of any Law applicable to such Bank.

Section 13.3 Increased Cost of Eurodollar Tranche. If after the Closing Date, the adoption of any applicable Law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of Law) of any such authority, central bank or comparable agency:

(a) shall subject any Bank (or its Lending Office) to any tax, duty or other charge with respect to maintaining or funding any portion of the Loans subject to a Eurodollar Tranche, its Note, if any, or its obligation to allow interest to be computed by reference to the Adjusted LIBOR Rate shall change the basis of taxation of payments to any Bank (or its Lending Office) of the principal of or interest on any portion of the Loans which is subject to any Eurodollar Tranche or any other amounts due under this Agreement in respect of any portion of any Loan which is subject to any Eurodollar Tranche or its obligation to allow interest to be computed by reference to the Adjusted LIBOR Rate (except for changes in the rate of Tax on the overall net income of such Bank or its Lending Office imposed by the jurisdiction in which such Bank's principal executive office or Lending Office is located); or

(b) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurodollar Tranche any such requirement included in an applicable Eurodollar Reserve Percentage) against assets of, deposits with or for the account of or credit extended by, any Bank's Lending Office or shall impose on any Bank (or its Lending Office) or the applicable interbank eurodollar market or any other condition affecting Eurodollar Tranches, its Note, if any, or its obligation to allow interest to be computed by reference to the Adjusted LIBOR Rate;

and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of funding or maintaining any portion of any Loan subject to a Eurodollar Tranche, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under its Note, if any, with respect thereto, by an amount deemed by such Bank to be material, then, within five (5) days after demand by such Bank setting forth the calculation of such sum in reasonable detail (with a copy to the Administrative Agent), Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction. Each Bank will promptly notify Borrower and Administrative Agent of any event of which it has knowledge, occurring after the Closing Date, which will entitle such Bank to compensation pursuant to this **Section 13.3** and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this **Section 13.3** and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

Section 13.4 Adjusted Base Rate Tranche Substituted for Affected Eurodollar Tranche. If (a) the obligation of any Bank to fund or maintain any portion of any Loan subject to a Eurodollar Tranche has been suspended pursuant to **Section 13.2**, or (b) any Bank has demanded compensation under **Section 13.3** and Borrower shall, by at least five Eurodollar Business Days prior notice to such Bank through the Administrative Agent, have elected that the provisions of this **Section 13.4** shall apply to such Bank, then, unless and until such Bank notifies Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(c) any Tranche which would otherwise be characterized by such Bank as a Eurodollar Tranche shall instead be deemed an Adjusted Base Rate Tranche (on which interest and principal shall be payable contemporaneously with the unaffected Eurodollar Tranches of the other Banks); and

(d) after all of its Eurodollar Tranches have been repaid, all payments of principal which would otherwise be applied to repay Eurodollar Tranches shall be applied to repay its Adjusted Base Rate Tranches instead.

Section 13.5 Capital Adequacy. If after the Closing Date, the adoption of any applicable Law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof, by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of Law), shall:

(a) impose, modify or deem applicable any reserve, special deposit, compensatory loan, deposit insurance, capital adequacy, liquidity requirement, minimum capital, capital ratio or similar requirement against all or any assets held by, deposits or accounts with, credit extended by or to, or commitments to extend credit or any other acquisition of funds by any Bank (or its Lending Office), or impose on any Bank (or its Lending Office) any other condition, with respect to the maintenance by such Bank of all or any part of its Commitment; or

(b) subject any Bank (or its Lending Office) to, or cause the termination or reduction of a previously granted exemption with respect to, any Tax with respect to the maintenance by such Bank of all or any part of its Commitment (other than Taxes assessed against such Bank's overall net income); and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of maintaining its Commitment or to reduce the amount of any sums received or receivable by it (or its Lending Office) under this Agreement or any other Loan Paper, or to reduce the rate of return on such Bank's equity in connection with this Agreement, as the case may be, by an amount which such Bank deems material then, in any such case, within five days of demand by such Bank (or its Lending Office) (with a copy to Administrative Agent), Borrower shall pay to such Bank (or its Lending Office) such additional amount or amounts as will compensate such Bank for any additional cost, reduced benefit, reduced amount received or reduced rate of return. Each Bank will promptly notify Borrower and Administrative Agent of any event of which it has knowledge, occurring after the Closing Date, which will entitle such Bank to compensation pursuant to this **Section 13.5**. A certificate of any Bank claiming compensation under this **Section 13.5** and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods. For all purposes under this Agreement, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, guidelines or directives in connection therewith or promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall be deemed to have gone into effect and to have been adopted after the Closing Date.

(c) Without limiting the foregoing, in the event any event or condition described in this **Section 13.5** shall occur or arise which relates to the maintenance by any Bank of that part of its Commitment which is in excess of its Commitment Percentage of the Total Commitment then in effect (such excess portion of such Commitment of any Bank is hereinafter referred to as its "**Surplus Commitment**"), such Bank shall notify Administrative Agent and Borrower of the occurrence of such event or the existence of such condition and of the amount of a fee (to be computed on a per annum basis with respect to such Bank's Surplus Commitment) which such Bank determines in good faith will compensate such Bank for such additional cost, reduced benefit, reduced amount received or reduced rate of return. Within five Business Days following receipt of such notice, Borrower shall notify such Bank whether it accepts or rejects such fee (if Borrower fails to timely respond to such notice it will be deemed to have accepted such fee). If Borrower rejects such fee, the applicable Commitment of each Bank will be automatically and permanently reduced to such Bank's Commitment Percentage of the Total Commitment then in effect. If Borrower accepts such fee, such fee shall accrue from and after the date of such Bank's notice and shall be payable in arrears (based on the daily average balance of such Bank's Surplus Commitment) on the last day of each Fiscal Quarter and on the Termination Date. Such fee shall be in lieu of any amounts to which such Bank would otherwise be entitled in respect of its Surplus Commitment pursuant to the other provisions of this **Section 13.5** for the period on and after the date of such notice unless such Bank determines that such fee is not adequate to fully compensate such Bank for any additional cost, reduced benefit, reduced amount received or reduced rate of return such Bank may thereafter incur in respect of such Bank's Surplus Commitment. In that event such Bank shall be entitled to such additional compensation to which such Bank is otherwise entitled pursuant to this **Section 13.5**.

(d) Failure or delay on the part of any Bank to demand compensation pursuant to this **Section 13.5** or **Section 13.3** shall not constitute a waiver of such Bank's right to demand such compensation; *provided that* Borrower shall not be required to compensate any Bank pursuant to this **Section 13.5** or **Section 13.3** for any increased costs or reductions incurred more than 365 days prior to the date that such Bank notifies Borrower of the change in Law or other event giving rise to such increased costs or reductions and of such Bank's intention to claim compensation therefor; *provided further that*, if the change in Law or other event giving rise to such increased costs or reductions is retroactive, then the 365-day period referred to above shall be extended to include the period of retroactive effect hereof.

Section 13.6 Taxes.

(a) All amounts payable by Borrower under the Loan Papers (whether principal, interest, fees, expenses, or otherwise) to or for the account of each Recipient shall be paid in full, free of any deductions or withholdings for or on account of any Indemnified Taxes and Documentary Taxes. If Borrower is prohibited by Law from paying any such amount free of any such deductions and withholdings, then (at the same time and in the same manner that such original amount is otherwise due under the Loan Papers) Borrower shall pay to or for the account of such Recipient such additional amount as may be necessary in order that the actual amount received by such Recipient after deduction and/or withholding (and after payment of any additional Indemnified Taxes and Documentary Taxes due as a consequence of the payment of such additional amount, and so on) will equal the amount such Recipient would have received if such deduction or withholding were not made.

(b) The Loan Parties shall jointly and severally indemnify each Recipient within 10 days after demand therefor, for the full amount of any Indemnified Taxes and Documentary Taxes (including Indemnified Taxes or Documentary Taxes imposed or asserted on or attributable to amounts payable under this **Section 13.6**) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Documentary Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Bank or Letter of Credit Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Bank or Letter of Credit Issuer, shall be conclusive absent manifest error.

(c) Each Bank shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Bank (but only to the extent that Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of Borrower to do so), (ii) any Taxes attributable to such Bank's failure to comply with the provisions of **Section 14.8(b)** relating to the maintenance of Participant Register and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Paper, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Paper or otherwise payable by the Administrative Agent to the Bank from any other source against any amount due to the Administrative Agent under this paragraph (c).

(d) (i) Any Bank that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Paper shall deliver to Borrower and the Administrative Agent, at the time or times reasonably requested by Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by Borrower or the Administrative Agent as will enable Borrower or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Section 13.6(d)(ii)(A)**, **13.6(d)(ii)(B)** and **13.6(d)(ii)(D)** below) shall not be required if in the Bank's reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(ii) Without limiting the generality of the foregoing,

(A) any Bank that is a U.S. Person shall deliver to Borrower and the Administrative Agent on or prior to the date on which such Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Bank is exempt from U.S. federal backup withholding tax;

(B) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Paper, executed originals of IRS Form W-8BEN or W-8BEN-E (or applicable successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Paper, IRS Form W-8BEN or W-8BEN-E (or applicable successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI (or applicable successor form);

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of **Exhibit L-1** to the effect that such Foreign Bank is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed originals of IRS Form W-8BEN or W-8BEN-E (or applicable successor form); or

(4) to the extent a Foreign Bank is not the beneficial owner, executed originals of IRS Form W-8IMY (or applicable successor form), accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E (or, in each case, applicable successor form), a U.S. Tax Compliance Certificate substantially in the form of **Exhibit L-2** or **Exhibit L-3**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided that* if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit L-4** on behalf of each such direct and indirect partner;

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Bank under any Loan Paper would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower or the Administrative Agent as may be necessary for Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Bank agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and the Administrative Agent in writing of its legal inability to do so. For purposes of this paragraph (d), the term "Bank" includes any Letter of Credit Issuer.

Section 13.7 Discretion of Banks as to Manner of Funding. Notwithstanding any provisions of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of its Commitment in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if such Bank had actually funded and maintained the Loans (or any portion thereof) subject to a Eurodollar Tranche during the Interest Period for the Loans (or any portion thereof) through the purchase of deposits having a maturity corresponding to the last day of such Interest Period and bearing an interest rate equal to the Adjusted LIBOR Rate for such Interest Period.

Section 13.8 Replacement of Banks. If (a) any Bank requests compensation under **Section 13.3**, (b) the obligation of any Bank to make Eurodollar Loans or continue Loans as Eurodollar Loans has been suspended pursuant to **Section 13.4**, (c) Borrower is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to **Section 13.5** or **Section 13.6**, (d) any Bank is a Defaulting Bank or (e) any Bank has voted against an amendment, modification or waiver of any provision of this Agreement proposed by Borrower, which proposed amendment, modification or waiver (i) was approved by Banks representing no less than 90% of the aggregate Commitments (or, following termination or expiration of the Commitments, the Outstanding Revolving Credit) but (ii) required the approval of all Banks and did not get such approval, then Borrower may, at its sole expense and effort, upon notice to such Bank and the Administrative Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions in **Section 14.8(d)** all its interests, rights and obligations under this Agreement at par (plus all accrued and unpaid interest and fees) to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); *provided, that* in the case of any such assignment resulting from a request for compensation under **Section 13.3**, the suspension of an obligation to make Eurodollar Loans or continue Loans as Eurodollar Loans under **Section 13.4**, or the requirement that Borrower pay any additional amount under **Section 13.5** or **Section 13.6**, such assignment will result in a reduction of such compensation, a resumption of such obligation in whole or in part, or the reduction of such payments, as applicable.

ARTICLE XIV
MISCELLANEOUS

Section 14.1 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Borrower or any other Credit Party, to the address, telecopier number, electronic mail address or telephone number specified for such Person on the signature pages hereof;

(ii) the Administrative Agent, to the address, telecopier number, electronic mail address or telephone number specified for such Person on **Schedule 1**; and

(iii) if to the Letter of Credit Issuer or any Bank, to the address, telecopier number, electronic mail address or telephone number specified on the most recently delivered Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Banks and the Letter of Credit Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, *provided that* the foregoing shall not apply to notices to any Bank or the Letter of Credit Issuer pursuant to **Article II** if such Bank or the Letter of Credit Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided that* approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided that* if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON- INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Affiliates (collectively, the "**Agent Parties**") have any liability to Borrower, any other Credit Party, any Bank, the Letter of Credit Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; *provided that*, in no event shall any Agent Party have any liability to Borrower, any other Credit Party, any Bank, the Letter of Credit Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of Borrower, each other Credit Party, the Administrative Agent, and the Letter of Credit Issuer may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Bank may change its address, telecopier or telephone number for notices and other communications hereunder by notice to Borrower, the Administrative Agent, and the Letter of Credit Issuer. In addition, each Bank agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Bank. Furthermore, each Public Bank agrees to cause at least one individual at or on behalf of such Public Bank to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Bank or its delegate, in accordance with such Public Bank's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to Borrower or its securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent, Letter of Credit Issuer and Banks. The Administrative Agent, the Letter of Credit Issuer and the Banks shall be entitled to rely and act upon any notices (including telephonic Requests for Borrowing) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrower shall indemnify the Administrative Agent, the Letter of Credit Issuer, each Bank and the Affiliates of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 14.2 Waivers and Amendments; Acknowledgments.

(a) No failure or delay (whether by course of conduct or otherwise) by any Bank or Administrative Agent in exercising any right, power or remedy which they may have under any of the Loan Papers shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Bank or Administrative Agent of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Loan Paper and no consent to any departure therefrom shall ever be effective unless it is in writing and signed by Required Banks and/or Administrative Agent in accordance with **Section 14.2(c)**, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on Borrower shall in any case of itself entitle Borrower to any other or further notice or demand in similar or other circumstances. This Agreement and the other Loan Papers set forth the entire understanding and agreement of the parties hereto and thereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no modification or amendment of or supplement to this Agreement or the other Loan Papers shall be valid or effective unless the same is in compliance with **Section 14.2(c)**.

(b) Borrower acknowledges and agrees, and acknowledges its Affiliates understanding, that (i) it has been advised by counsel in the negotiation, execution and delivery of the Loan Papers to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other Loan Papers to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Banks or Agents whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Paper delivered on or after the Closing Date, (iii) there are no representations, warranties, covenants, undertakings or agreements by any Bank or any Agent as to the Loan Papers except as expressly set out in this Agreement or in another Loan Paper delivered on or after the Closing Date, (iv) neither any Bank nor any Agent owes any fiduciary duty to Borrower or any other Credit Party with respect to any Loan Paper or the transactions contemplated thereby, (v) the relationship pursuant to the Loan Papers between Borrower, on one hand, and Banks and Agents, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the Loan Papers between Borrower and any Bank or any Agent, (vii) should an Event of Default or Default occur or exist each Bank and each Agent will determine in its sole and absolute discretion and for its own reasons what remedies and actions it will or will not exercise or take at that time, (viii) without limiting any of the foregoing, Borrower is not relying upon any representation or covenant by any Bank or any Agent or any representative thereof, and no such representation or covenant has been made, that any Bank or any Agent will, at the time of an Event of Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Loan Papers with respect to any such Event of Default or Default or any other provision of the Loan Papers, and (ix) each Bank has relied upon the truthfulness of the acknowledgments in this **Section 14.2(b)** in deciding to execute and deliver this Agreement and to make the Loans.

(c) The Aggregate Elected Commitment Amount, a Bank's Elected Commitment Amount, a Bank's Maximum Credit Amount, the Commitment Percentage of each Bank, and **Schedule 1** to this Agreement may be amended as set forth in **Section 2.16**, **Schedule 1** to this Agreement may be amended as set forth in **Section 14.8(b)**, and Administrative Agent and the Borrower may, without the consent of any Bank, enter into amendments or modifications to this Agreement or any of the other Loan Papers or to enter into additional Loan Papers as Administrative Agent reasonably deems appropriate in order to implement any Replacement Rate or otherwise effectuate the terms of **Section 13.1(b)** in accordance with the terms of **Section 13.1(b)**. Any other provision of this Agreement, the Notes or the other Loan Papers may be amended or waived if, but only if such amendment or waiver is in writing and is signed by Borrower and Required Banks (and, if the rights or duties of Administrative Agent are affected thereby, by Administrative Agent); provided that, (1) no such amendment or waiver shall (a) increase the Commitment, Maximum Credit Amount and Elected Commitment of any Bank, (b) subject any Bank to any additional obligation, or (c) amend or waive any of the provisions of Article IV or the definitions contained in **Section 1.2** applicable thereto without the written consent of such Bank and (2) no such amendment or waiver shall unless signed by all Banks (or, in the case of clauses (C) and (D), each Bank affected thereby): (a) increase the Borrowing Base, (b) amend or waive any of the provisions of **Article IV** or the definitions contained in **Section 1.2** applicable thereto, (c) forgive any of the principal of or reduce the rate of interest on the Loans (other than as a result of the adoption of a Replacement Rate pursuant to **Section 13.1(b)**) or any fees hereunder, (d) postpone the Termination Date or any date fixed for any payment of principal of or interest on the Loan or any fees hereunder, (e) change the percentages of the Aggregate Maximum Credit Amount, the definitions of "Required Bank" and/or "Super Majority Bank", or the number of Banks which shall be required for the Banks or any of them to take any action under this **Section 14.2(c)** or any other provision of this Agreement, (f) permit Borrower to assign any of its rights hereunder, (g) provide for the release or substitution of collateral for the Obligations or any part thereof other than releases required pursuant to sales of collateral which are expressly permitted by **Section 9.5**, (h) provide for the release of any Credit Party from its Facility Guaranty, except in connection with a transaction expressly permitted under **Section 9.4**, or (i) amend **Section 3.2(c)** or any other provisions governing the pro rata sharing of payments among Banks in a manner to permit non-pro rata sharing of payments among Banks. Borrower, Administrative Agent and each Bank further acknowledge that any decision by Administrative Agent or any Bank to enter into any amendment, waiver or consent pursuant hereto shall be made by such Bank or Administrative Agent in its sole discretion, and in making any such decision Administrative Agent and each such Bank shall be permitted to give due consideration to any credit or other relationship Administrative Agent or any such Bank may have with Borrower, any other Credit Party or any Affiliate of any Credit Party.

Section 14.3 Expenses; Documentary Taxes; Indemnification.

(a) Borrower shall pay (i) all out-of-pocket expenses of Administrative Agent, including reasonable fees and disbursements of special counsel for Administrative Agent, in connection with the preparation of this Agreement and the other Loan Papers and, if appropriate, the recordation of the Loan Papers, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder, and (ii) if an Event of Default occurs, all out-of-pocket expenses incurred by Administrative Agent and each Bank, including fees and disbursements of counsel in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom, fees of auditors and consultants incurred in connection therewith and investigation expenses incurred by Administrative Agent and each Bank in connection therewith. Without duplication of **Section 13.6**, Borrower shall indemnify each Bank against any Documentary Taxes.

(b) Borrower agrees to indemnify each Indemnified Entity (as defined below), upon demand, from and against any and all liabilities, obligations, claims, losses, damages, penalties, fines, actions, judgments, suits, settlements, costs, expenses or disbursements (including reasonable fees of attorneys, accountants, experts and advisors) of any kind or nature whatsoever (in this section collectively called "liabilities and costs") which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against such Indemnified Entity growing out of, resulting from or in any other way associated with any of the collateral for the Loans, the Loan Papers, or the transactions and events (including the enforcement or defense thereof) at any time associated therewith or contemplated therein (including any violation or noncompliance with any applicable environmental Laws by any Credit Party or any liabilities or duties of any Credit Party or of any Indemnified Entity with respect to Hazardous Substances found in or released into the environment).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY OR ARE IN ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY INDEMNIFIED ENTITY,

provided only that, no Indemnified Entity shall be entitled under this **Section 14.3(b)** to receive indemnification for that portion, if any, of any liabilities and costs which is caused by its own individual gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable judgment, or by its own individual actions with respect to the collateral for the Loans in its possession. As used herein, the term "**Indemnified Entity**" refers to each Bank, Administrative Agent, Letter of Credit Issuer, and each director, officer, agent, trustee, manager, attorney, employee, representative, partner and Affiliate of any such Person.

(c) The agreements in this **Section 14.3** shall survive the resignation of the Administrative Agent, the Letter of Credit Issuer, the replacement of any Bank, the termination of the Total Commitment, the repayment, satisfaction or discharge of all the other Obligations, and the termination of the Loan Papers.

Section 14.4 Right and Sharing of Set-Offs.

(a) Upon the occurrence and during the continuance of any Event of Default, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of any Credit Party against any and all of the obligations now or hereafter existing under this Agreement and any Note held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Bank agrees promptly to notify such Credit Party after any such setoff and application made by such Bank, *provided that* the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Bank under this **Section 14.4(a)** are in addition to other rights and remedies (including other rights of setoff) which such Bank may have.

(b) Each Bank agrees that if it shall, by exercising any right of setoff or counterclaim or otherwise, receive payment after the occurrence and during the continuance of an Event of Default of a proportion of the aggregate amount of principal and interest due with respect to the Loans which is greater than the proportion received by any other Bank in respect of the Loans, the Bank receiving such proportionately greater payment shall purchase such participations in the interests in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by Banks shall be shared by Banks ratably in accordance with their respective Commitment Percentages; *provided that* nothing in this **Section 14.4(b)** shall impair the right of any Bank to exercise any right of setoff or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of any Credit Party other than its indebtedness under the Loans. Borrower agrees, to the fullest extent it may effectively do so under applicable Law, that Participants may exercise rights of setoff or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Borrower in the amount of such participation.

Section 14.5 Survival. All of the various representations, warranties, covenants, indemnities and agreements in the Loan Papers shall survive the execution and delivery of this Agreement and the other Loan Papers and the performance hereof and thereof, including the making or granting of the Loans and the delivery of the Notes and the other Loan Papers, and shall further survive until all of the Obligations are paid in full to Banks and Administrative Agent and all of Banks' obligations to Borrower are terminated; *provided that*, to the extent expressly provided in any indemnification clause contained herein or in any other Loan Paper, such indemnification obligation shall survive payment in full of the Obligations and termination of the obligations of Banks to Borrower hereunder. All statements and agreements contained in any certificate or other instrument delivered by Borrower to any Bank or Administrative Agent under any Loan Paper shall be deemed representations and warranties by Borrower or agreements and covenants of Borrower under this Agreement. The representations, warranties and covenants made by any Credit Party (as applicable) in the Loan Papers, and the rights, powers and privileges granted to Banks and Administrative Agent in the Loan Papers, are cumulative, and, except for expressly specified waivers and consents, no Loan Paper shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to Banks and Administrative Agent of any such representation, warranty, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty or covenant herein contained shall apply to any similar representation, warranty or covenant contained in any other Loan Paper, and each such similar representation, warranty or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Loan Papers.

Section 14.6 Limitation on Interest. Each Bank, each Agent, Borrower, each other Credit Party and any other parties to the Loan Papers intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the Loan Papers shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the Maximum Lawful Rate. None of Borrower, any other Credit Party, nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the Maximum Lawful Rate and the provisions of this **Section 14.6** shall control over all other provisions of the Loan Papers which may be in conflict or apparent conflict herewith. Each Bank and Administrative Agent expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If (a) the maturity of any Obligation is accelerated for any reason, (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the Maximum Lawful Rate, or (c) any Bank or any other holder of any or all of the Obligations shall otherwise collect moneys which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of the Maximum Lawful Rate, then all such sums determined to constitute interest in excess of the Maximum Lawful Rate shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at any Bank's or such holder's option, promptly returned to Borrower or the other payor thereof upon such determination. In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the Maximum Lawful Rate, Administrative Agent, Banks, Borrower and the other Credit Parties (and any other payors or payees thereof) shall to the greatest extent permitted under applicable Law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the instrument evidencing the Obligations in accordance with the amounts outstanding from time to time thereunder and the Maximum Lawful Rate in order to lawfully charge the Maximum Lawful Rate.

Section 14.7 Invalid Provisions. If any provision of the Loan Papers is held to be illegal, invalid, or unenforceable under present or future Laws effective during the term thereof, such provision shall be fully severable, the Loan Papers shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part thereof, and the remaining provisions thereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance therefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as a part of the Loan Papers a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 14.8 Successors and Assigns.

(a) Each Loan Paper binds and inures to the parties to it, any intended beneficiary of it, and each of their respective successors and permitted assigns. Neither Borrower nor any other Credit Party may assign or transfer any rights or obligations under any Loan Paper without first obtaining all Banks' consent, and any purported assignment or transfer without all Banks' consent is void. No Bank may transfer, pledge, assign, sell any participation in, or otherwise encumber its portion of the Obligations except as permitted by clauses (b) or (d) below.

(b) Any Bank may (subject to the provisions of this section, in accordance with applicable Law, in the ordinary course of its business, and at any time) sell to one or more Persons (each a "**Participant**") participating interests in its portion of the Obligations. The selling Bank remains a "Bank" under the Loan Papers, the Participant does not become a "Bank" under the Loan Papers, and the selling Bank's obligations under the Loan Papers remain unchanged. The selling Bank remains solely responsible for the performance of its obligations and remains the holder of its share of the outstanding Loans for all purposes under the Loan Papers. Borrower and Administrative Agent shall continue to deal solely and directly with the selling Bank in connection with that Bank's rights and obligations under the Loan Papers, and each Bank must retain the sole right and responsibility to enforce due obligations of Borrower and/or any other Credit Party. Participants have no rights under the Loan Papers except certain voting rights as provided below. Subject to the following, each Bank may obtain (on behalf of its Participants) the benefits of **Article XIII** with respect to all participations in its part of the Obligations outstanding from time to time (subject to the requirements and limitations therein, including the requirements under **Section 13.6(d)** (it being understood that the documentation required under **Section 13.6(d)** shall be delivered to the participating Bank)) to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to **Section 14.8(d)**; *provided that* such Participant shall not be entitled to receive any greater payment under **Article XIII** with respect to its participation, than its participating Bank would have been entitled to receive. Each Bank that sells a participation agrees, at Borrower's request and expense, to use reasonable efforts to cooperate with Borrower to effectuate the provisions of **Section 13.8** with respect to any Participant. No Bank may sell any participating interest under which the Participant has any rights to approve any amendment, modification, or waiver of any Loan Paper except to the extent such amendment, modification or waiver would (i) extend the Termination Date, (ii) reduce the interest rate or fees applicable to the Commitments or any portion of the Loans in which such Participant is participating, or postpone the payment of any thereof, or (iii) release all or substantially all of the collateral or guarantees securing any portion of the Aggregate Maximum Credit Amount or the Loans in which such Participant is participating. In addition, each agreement creating any participation must include an agreement by the Participant to be bound by the provisions of **Section 14.14**.

(c) Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Papers (the "**Participant Register**"); *provided that* no Bank shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Paper) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Each Bank may make assignments to the Federal Reserve Bank or any central bank having jurisdiction over such Bank. Notwithstanding anything to the contrary contained in this Agreement, in no case shall an Assignee be Borrower, an Affiliate of Borrower or a natural person. Each Bank may also assign to one or more assignees (each an "**Assignee**") all or any part of its rights and obligations under the Loan Papers so long as (i) the Administrative Agent consents in writing thereto (such consent not to be unreasonably withheld or delayed), *provided* that no such consent shall be required for an assignment to a Bank or an Affiliate of a Bank, (ii) Borrower consents in writing thereto (such consent not to be unreasonably withheld or delayed), *provided that* no such consent shall be required for an assignment to a Bank, an Affiliate of a Bank, or, if an Event of Default exists, any other assignee, (iii) the assignor Bank and Assignee execute and deliver to Administrative Agent an assignment and assumption agreement in substantially the form of **Exhibit G** (an "**Assignment and Assumption Agreement**") and pay to Administrative Agent a processing fee of $3,500, (iv) the Assignee acquires an identical percentage interest in the Maximum Credit Amount and Elected Commitment of the assignor Bank and an identical percentage of the interests in the outstanding Loans held by such assignor Bank, and (v) the conditions (including minimum amounts of the Aggregate Maximum Credit Amount that may be assigned or that must be retained) for that assignment set forth in the applicable Assignment and Assumption Agreement are satisfied. The "Effective Date" in each Assignment and Assumption Agreement must (unless a shorter period is agreeable to Borrower and Administrative Agent) be at least five Business Days after it is executed and delivered by the assignor Bank and Assignee to Administrative Agent and Borrower for acceptance. Once that Assignment and Assumption Agreement is accepted by Administrative Agent and Borrower, then, from and after the Effective Date stated in it (A) Assignee automatically becomes a party to this Agreement and, to the extent provided in that Assignment and Assumption Agreement, has the rights and obligations of a Bank under the Loan Papers, (B) the assignor Bank, to the extent provided in that Assignment and Assumption Agreement, is released from its obligations to fund Borrowings under this Agreement and its reimbursement obligations under this Agreement and, in the case of an Assignment and Assumption Agreement covering all of the remaining portion of the assignor Bank's rights and obligations under the Loan Papers, that Bank ceases to be a party to the Loan Papers, (C) Borrower shall execute and deliver to the assignor Bank and Assignee the appropriate Notes in accordance with this Agreement following the transfer, (D) upon delivery of the Notes under clause (C) preceding, the assignor Bank shall return to Borrower all Notes previously delivered to that Bank under this Agreement, and (E) **Schedule 1** hereto is automatically deemed to be amended to reflect the name, Maximum Credit Amount and Elected Commitment of Assignee and the remaining Maximum Credit Amount or Elected Commitment (if any) of the assignor Bank, and Administrative Agent shall prepare and circulate to Borrower and Banks an amended **Schedule 1**, reflecting those changes.

(e) The Administrative Agent, acting for this purpose as an agent of Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Banks, and the Maximum Credit Amount and Elected Commitment of, and principal amount (and stated interest) of the Loans and payments made in respect of Letter of Credit disbursements owing to, each Bank pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and Borrower, the Administrative Agent, each Letter of Credit Issuer and the Banks may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower, each Letter of Credit Issuer and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

Section 14.9 Applicable Law and Jurisdiction. THIS AGREEMENT (INCLUDING THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. Any legal action or proceeding against Borrower with respect to this Agreement or any Loan Paper may be brought in the courts of the State of New York, the U.S. Federal Courts in such state, sitting in the County of New York, and Borrower hereby irrevocably accepts the exclusive jurisdiction of such courts for the purpose of any action or proceeding. Borrower irrevocably consents to the service of process out of said courts by the mailing thereof by Administrative Agent by U.S. registered or certified mail postage prepaid to Borrower at its address designated on the signature pages hereto. Borrower agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by Law. Nothing in this **Section 14.9** shall affect the rights of any Bank or Administrative Agent to serve legal process in any other manner permitted by Law or affect the right of any Bank or Administrative Agent to bring any action or proceeding against Borrower or its properties in the courts of any other jurisdiction. To the extent that Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to either itself or its property, Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Papers. Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any Loan Paper brought in the Supreme Court of the State of New York, County of New York or the U.S. District Court for the Southern District of New York, and hereby further irrevocably waives any claims that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 14.10 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when Administrative Agent shall have received counterparts hereof signed by all of the parties hereto or, in the case of any Bank as to which an executed counterpart shall not have been received, Administrative Agent shall have received telegraphic or other written confirmation from such Bank of execution of a counterpart hereof by such Bank.

Section 14.11 No Third Party Beneficiaries. It is expressly intended that there shall be no third party beneficiaries of the covenants, agreements, representations or warranties herein contained other than Participants and Assignees permitted pursuant to **Section 14.8** and Affiliates of any Bank which hold any part of the Obligations.

Section 14.12 COMPLETE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN PAPERS COLLECTIVELY REPRESENT THE FINAL AGREEMENT BY AND AMONG BANKS, ADMINISTRATIVE AGENT AND BORROWER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF BANKS, ADMINISTRATIVE AGENT AND BORROWER. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG BANKS, ADMINISTRATIVE AGENT AND BORROWER.

Section 14.13 WAIVER OF JURY TRIAL, PUNITIVE DAMAGES, ETC. BORROWER, ADMINISTRATIVE AGENT, AND EACH BANK HEREBY (a) KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN PAPERS OR ANY TRANSACTION CONTEMPLATED THEREBY OR ASSOCIATED THEREWITH, BEFORE OR AFTER MATURITY; (b) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES," AS DEFINED BELOW; *PROVIDED* THAT NOTHING CONTAINED IN THIS CLAUSE (b) SHALL LIMIT THE BORROWER'S INDEMNIFICATION HEREOF TO THE EXTENT SUCH SPECIAL DAMAGES ARE IN RESPECT OF ANY THIRD PARTY CLAIM IN CONNECTION WITH WHICH ANY INDEMNIFIED ENTITY IS ENTITLED TO INDEMNIFICATION HEREUNDER; (c) CERTIFY THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (d) ACKNOWLEDGE THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER LOAN PAPERS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENT OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

Section 14.14 Confidential Information. Administrative Agent and each Bank agree that all documentation and other information made available by any Credit Party to any Agent or any Bank under the terms of this Agreement shall (except to the extent such documentation or other information is publicly available or hereafter becomes publicly available other than by action of Administrative Agent or such Bank, or was therefore known or hereinafter becomes known to Administrative Agent or such Bank independent of any disclosure thereto by any Credit Party) be held in the strictest confidence by Administrative Agent or such Bank and used solely in the administration and enforcement of the Loans from time to time outstanding from such Bank to Borrower and in the prosecution or defense of legal proceedings arising in connection herewith; *provided that* (a) Administrative Agent or such Bank may disclose documentation and information to Administrative Agent and/or any Bank which is a party to this Agreement or any Affiliates thereof, and (b) Administrative Agent or such Bank may disclose such documentation or other information to (x) any other bank or other Person to which such Bank sells or proposes to make an assignment or sell a participation in the Loans hereunder and (y) any actual or prospective party to any swap, derivative or similar transaction under which payments are to be made by reference to Borrower and its obligations, this Agreement or payments hereunder, if, in each case, such other bank or Person, prior to such disclosure, agrees in writing to be bound by the terms of the confidentiality statement customarily employed by Administrative Agent in connection with such potential transfers or such other confidentiality agreement not less restrictive than this **Section 14.14**. Notwithstanding the foregoing, nothing contained herein shall be construed to prevent Administrative Agent or a Bank from (i) making disclosure of any information (A) if required to do so by applicable Law or regulation or accepted banking practices, (B) to any governmental agency or regulatory body having or claiming to have authority to regulate or oversee any aspect of such Bank's business or that of such Bank's corporate parent or Affiliates in connection with the exercise of such authority or claimed authority, (C) pursuant to any subpoena or if otherwise compelled in connection with any litigation or administrative proceeding, (D) to correct any false or misleading information which may become public concerning such Person's relationship to any Credit Party, (E) to the extent Administrative Agent or such Bank or its counsel deems necessary or appropriate to effect or preserve its security for the Obligations or any portion thereof or to enforce any remedy provided in this Agreement, or any other Loan Paper, or otherwise available by law; or (ii) making, on a confidential basis, such disclosures (A) as such Bank reasonably deems necessary or appropriate to its legal counsel, agents, advisors or accountants (including outside auditors) and (B) to (x) any rating agency in connection with rating Borrower or its Subsidiaries or the credit facility provided hereunder or (y) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facility provided hereunder or (C) in connection with the exercise of any remedies hereunder or under any other Loan Paper or any suit, action or proceeding relating to this Agreement or any other Loan Paper or the enforcement of rights hereunder or thereunder. If Administrative Agent or such Bank is compelled to disclose such confidential information in a proceeding requesting such disclosure, Administrative Agent or such Bank shall seek to obtain assurance that such confidential treatment will be accorded such information; *provided that*, neither Administrative Agent nor any Bank shall have any liability for the failure to obtain such treatment. Notwithstanding anything to the contrary, the Administrative Agent and the Banks may disclose the existence of this Agreement and information of a general non-economic nature about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Agents and the Banks in connection with the administration of this Agreement, the other Loan Papers, and the Commitments.

Section 14.15 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Paper), Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arrangers, are arm's-length commercial transactions between Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Arrangers, on the other hand, (ii) Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Papers; (b) (i) each of the Administrative Agent, each Arranger and each Bank is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Borrower or any of its Affiliates, or any other Person and (ii) neither the Administrative Agent nor any Arranger or any Bank has any obligation to Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Papers; and (c) the Administrative Agent, the Arrangers and the Banks and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Borrower and its Affiliates, and neither the Administrative Agent nor any Arranger or any Bank has any obligation to disclose any of such interests to Borrower or its Affiliates. To the fullest extent permitted by law, Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Banks with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 14.16 USA Patriot Act Notice. Each Bank that is subject to the Act (as hereinafter defined) hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Act**"), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Bank or the Administrative Agent, as applicable, to identify each Credit Party in accordance with the Act.

Section 14.17 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Paper or in any other agreement, arrangement or understanding among any such parties, each party hereto (and each Bank a party hereto on behalf of any Affiliate a party to a Hedge Transaction described in clause (b) of the definition of Obligation and not excluded from the definition of Obligation thereunder) acknowledges that any liability of any Affected Financial Institution arising under any Loan Paper, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Paper; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

Section 14.18 Exiting Banks.

(a) From and after the Effective Date, (i) each of the Existing Banks that have not entered into this Agreement on the Effective Date (and will not have a Commitment hereunder) (an "**Exiting Bank**") shall cease to be a party to this Agreement, (ii) no Exiting Bank shall have any obligations or liabilities under this Agreement with respect to the period from and after the Effective Date and, without limiting the foregoing, no Exiting Bank shall have any Commitment under this Agreement and (iii) no Exiting Bank shall have any rights under this Agreement or any other Loan Paper (other than rights under the Existing Credit Agreement expressly stated to survive the termination of such agreement and the repayment of amounts outstanding thereunder).

(b) Existing Banks hereby waive any requirements for notice of prepayment and the payment of any related prepayment penalties, minimum amounts of prepayments of Loans (as defined in the Existing Credit Agreement), ratable reductions of the commitments of the Banks under the Existing Credit Agreement and ratable payments on account of the principal or interest of any Loan (as defined in the Existing Credit Agreement) under the Existing Credit Agreement to the extent such prepayment, reductions or payments are required pursuant thereto.

Section 14.19 Acknowledgement Regarding Any Supported QFC. To the extent that the Loan Papers provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**" and, each such QFC, a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Papers and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Papers that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Papers were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Bank shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

Section 14.20 Counterparts; Effectiveness; Electronic Execution.

(a) This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when Administrative Agent shall have received counterparts hereof signed by all of the parties hereto or, in the case of any Bank as to which an executed counterpart shall not have been received, Administrative Agent shall have received telegraphic or other written confirmation from such Bank of execution of a counterpart hereof by such Bank.

(b) The words “execute,” “execution,” “signed,” “signature,” “delivery” and words of like import in or related to this Agreement, any other Loan Paper or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Loan Paper or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided that without limiting the foregoing, to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification. Without limiting the generality of the foregoing, each party hereto hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Bank and any of the Credit Parties, electronic images of this Agreement or any other Loan Paper (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of the Loan Papers based solely on the lack of paper original copies of any Loan Papers, including with respect to any signature pages thereto

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