

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

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

For the quarterly period ended March 31, 2019

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35380

**Laredo Petroleum, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other

jurisdiction of incorporation or organization)

**45-3007926** (I.R.S. Employer Identification No.)

**15 W. Sixth Street, Suite 900**

**Tulsa, Oklahoma**

(Address of principal executive offices)

**74119**

(Zip code)

**(918) 513-4570**

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
<b>Common stock, \$0.01 par value</b>	<b>LPI</b>	<b>New York Stock Exchange ("NYSE")</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of registrant's common stock outstanding as of April 29, 2019: 236,555,114

**LAREDO PETROLEUM, INC.**  
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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Various statements contained in or incorporated by reference into this Quarterly Report on Form 10-Q (this "Quarterly Report") are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil, natural gas liquids ("NGL") and natural gas reserves, drilling program capital expenditures, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes, derivative activities and potential financing. Forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "could," "may," "will," "foresee," "plan," "goal," "should," "intend," "pursue," "target," "continue," "suggest" or the negative thereof or other variations thereof or other words that convey the uncertainty of future events or outcomes. Forward-looking statements are not guarantees of performance. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Among the factors that significantly impact our business and could impact our business in the future are:

- the volatility of oil, NGL and natural gas prices, including in our area of operation in the Permian Basin;
- our ability to discover, estimate, develop and replace oil, NGL and natural gas reserves;
- changes in domestic and global production, supply and demand for oil, NGL and natural gas;
- revisions to our reserve estimates as a result of changes in commodity prices, decline curves and other uncertainties;
- the long-term performance of wells that were completed using different technologies;
- the ongoing instability and uncertainty in the United States and international financial and consumer markets that could adversely affect the liquidity available to us and our customers and the demand for commodities, including oil, NGL and natural gas;
- the potential impact on production of oil, NGL and natural gas from our wells due to tighter spacing of our wells;
- capital requirements for our operations and projects;
- impacts to our financial statements as a result of impairment write-downs;
- the availability and costs of drilling and production equipment, supplies, labor and oil and natural gas processing and other services;
- the availability and costs of sufficient pipeline and transportation facilities and gathering and processing capacity;
- our ability to maintain the borrowing capacity under our Fifth Amended and Restated Senior Secured Credit Facility (as amended, the "Senior Secured Credit Facility") or access other means of obtaining capital and liquidity, especially during periods of sustained low commodity prices;
- our ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to our financial results and to successfully integrate acquired businesses, assets and properties;
- our ability to generate sufficient cash to service our indebtedness, fund our capital requirements and generate future profits;
- restrictions contained in our debt agreements, including our Senior Secured Credit Facility and the indentures governing our senior unsecured notes, as well as debt that could be incurred in the future;
- our ability to recruit and retain the qualified personnel necessary to operate our business;
- the potentially insufficient refining capacity in the United States Gulf Coast to refine all of the light sweet crude oil being produced in the United States, which could result in widening price discounts to world crude prices and potential shut-in of production due to lack of sufficient markets;
- risks related to the geographic concentration of our assets;
- our ability to hedge and regulations that affect our ability to hedge;
- changes in the regulatory environment and changes in United States or international legal, tax, political, administrative or economic conditions, including regulations that prohibit or restrict our

ability to apply hydraulic fracturing to our oil and natural gas wells and to access and dispose of water used in these operations;

- legislation or regulations that prohibit or restrict our ability to drill new allocation wells;
- our ability to execute our strategies;
- competition in the oil and natural gas industry;
- drilling and operating risks, including risks related to hydraulic fracturing activities; and
- our ability to comply with federal, state and local regulatory requirements.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various factors, including those set forth under "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report, under "Part I, Item 1A. Risk Factors" and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the "2018 Annual Report") and those set forth from time to time in our other filings with the Securities and Exchange Commission (the "SEC"). These documents are available through our website or through the SEC's Electronic Data Gathering and Analysis Retrieval system at <http://www.sec.gov>. In light of such risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date of this Quarterly Report, or if earlier, as of the date they were made. We do not intend to, and disclaim any obligation to, update or revise any forward-looking statements unless required by securities law.

Part I

Item 1. Consolidated Financial Statements (Unaudited)

**Laredo Petroleum, Inc.**  
**Consolidated balance sheets**  
**(in thousands, except share data)**  
**(Unaudited)**

	March 31, 2019	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 44,544	\$ 45,151
Accounts receivable, net	107,520	94,321
Derivatives	7,610	39,835
Other current assets	13,056	13,445
Total current assets	172,730	192,752
Property and equipment:		
Oil and natural gas properties, full cost method:		
Evaluated properties	6,951,343	6,752,631
Unevaluated properties not being depleted	92,467	130,957
Less accumulated depletion and impairment	(4,913,384)	(4,854,017)
Oil and natural gas properties, net	2,130,426	2,029,571
Midstream service assets, net	131,118	130,245
Other fixed assets, net	39,098	39,819
Property and equipment, net	2,300,642	2,199,635
Derivatives	5,970	11,030
Operating lease right-of-use assets	19,035	—
Other noncurrent assets, net	16,412	16,888
Total assets	\$ 2,514,789	\$ 2,420,305
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 76,644	\$ 69,504
Accrued capital expenditures	36,418	29,975
Undistributed revenue and royalties	51,730	48,841
Derivatives	11,057	7,359
Operating lease liabilities	10,896	—
Other current liabilities	16,877	44,786
Total current liabilities	203,622	200,465
Long-term debt, net	1,064,081	983,636
Derivatives	3,563	—
Asset retirement obligations	54,555	53,387
Operating lease liabilities	11,301	—
Other noncurrent liabilities	6,235	8,587
Total liabilities	1,343,357	1,246,075
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized and zero issued as of March 31, 2019 and December 31, 2018	—	—
Common stock, \$0.01 par value, 450,000,000 shares authorized and 239,191,487 and 233,936,358 issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	2,392	2,339
Additional paid-in capital	2,381,926	2,375,286
Accumulated deficit	(1,212,886)	(1,203,395)
Total stockholders' equity	1,171,432	1,174,230
Total liabilities and stockholders' equity	\$ 2,514,789	\$ 2,420,305

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**Laredo Petroleum, Inc.**  
**Consolidated statements of operations**  
**(in thousands, except per share data)**  
**(Unaudited)**

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
Oil sales	\$ 129,171	\$ 150,914
NGL sales	32,235	28,360
Natural gas sales	11,970	18,160
Midstream service revenues	2,883	2,359
Sales of purchased oil	32,688	59,903
<b>Total revenues</b>	<b>208,947</b>	<b>259,696</b>
<b>Costs and expenses:</b>		
Lease operating expenses	22,609	21,951
Production and ad valorem taxes	7,219	11,812
Transportation and marketing expenses	4,759	—
Midstream service expenses	1,603	693
Costs of purchased oil	32,691	60,664
General and administrative	21,519	24,725
Depletion, depreciation and amortization	63,098	45,553
Other operating expenses	1,052	1,106
<b>Total costs and expenses</b>	<b>154,550</b>	<b>166,504</b>
Operating income	54,397	93,192
<b>Non-operating income (expense):</b>		
Gain (loss) on derivatives, net	(48,365)	9,010
Interest expense	(15,547)	(13,518)
Loss on disposal of assets, net	(939)	(2,617)
Other income, net	867	453
<b>Non-operating expense, net</b>	<b>(63,984)</b>	<b>(6,672)</b>
<b>Income (loss) before income taxes</b>	<b>(9,587)</b>	<b>86,520</b>
<b>Income tax benefit:</b>		
Deferred	96	—
<b>Total income tax benefit</b>	<b>96</b>	<b>—</b>
<b>Net income (loss)</b>	<b>\$ (9,491)</b>	<b>\$ 86,520</b>
<b>Net income (loss) per common share:</b>		
Basic	\$ (0.04)	\$ 0.36
Diluted	\$ (0.04)	\$ 0.36
<b>Weighted-average common shares outstanding:</b>		
Basic	230,476	238,228
Diluted	230,476	239,319

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**Laredo Petroleum, Inc.**  
**Consolidated statements of stockholders' equity**  
**(in thousands)**  
**(Unaudited)**

	Common Stock			Treasury Stock (at cost)		Accumulated deficit	Total
	Shares	Amount	Additional paid-in capital	Shares	Amount		
Balance, December 31, 2018	233,936	\$ 2,339	\$ 2,375,286	—	\$ —	\$ (1,203,395)	\$ 1,174,230
Restricted stock awards	5,986	60	(60)	—	—	—	—
Restricted stock forfeitures	(48)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	—	683	(2,612)	—	(2,612)
Stock exchanged for cost of exercise of stock options	—	—	—	18	(76)	—	(76)
Retirement of treasury stock	(701)	(7)	(2,681)	(701)	2,688	—	—
Exercise of stock options	18	—	76	—	—	—	76
Stock-based compensation	—	—	9,305	—	—	—	9,305
Net loss	—	—	—	—	—	(9,491)	(9,491)
Balance, March 31, 2019	239,191	\$ 2,392	\$ 2,381,926	—	\$ —	\$ (1,212,886)	\$ 1,171,432

	Common Stock			Treasury Stock (at cost)		Accumulated deficit	Total
	Shares	Amount	Additional paid-in capital	Shares	Amount		
Balance, December 31, 2017	242,521	\$ 2,425	\$ 2,432,262	—	\$ —	\$ (1,669,108)	\$ 765,579
Adjustment to the beginning balance of accumulated deficit upon adoption of ASC 606 (see Note 13.a)	—	—	—	—	—	141,118	141,118
Restricted stock awards	3,052	30	(30)	—	—	—	—
Restricted stock forfeitures	(13)	—	—	—	—	—	—
Share repurchases	—	—	—	6,728	(58,475)	—	(58,475)
Stock exchanged for tax withholding	—	—	—	512	(4,353)	—	(4,353)
Retirement of treasury stock	(7,240)	(72)	(62,756)	(7,240)	62,828	—	—
Stock-based compensation	—	—	11,441	—	—	—	11,441
Net income	—	—	—	—	—	86,520	86,520
Balance, March 31, 2018	238,320	\$ 2,383	\$ 2,380,917	—	\$ —	\$ (1,441,470)	\$ 941,830

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**Laredo Petroleum, Inc.**  
**Consolidated statements of cash flows**  
**(in thousands)**  
**(Unaudited)**

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (9,491)	\$ 86,520
<b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b>		
Deferred income tax benefit	(96)	—
Depletion, depreciation and amortization	63,098	45,553
Non-cash stock-based compensation, net	7,406	9,339
<b>Mark-to-market on derivatives:</b>		
(Gain) loss on derivatives, net	48,365	(9,010)
Settlements received (paid) for matured derivatives, net	102	(2,236)
Change in net present value of derivative deferred premiums	95	211
Premiums paid for derivatives	(4,016)	(4,024)
Amortization of debt issuance costs	846	793
Amortization of operating lease right-of-use assets	3,056	—
Other, net	3,779	4,304
(Increase) decrease in accounts receivable	(13,373)	1,147
Increase in other current assets	(2,769)	(2,483)
Decrease (increase) in other noncurrent assets	57	(100)
Increase in accounts payable and accrued liabilities	7,140	30,516
Increase in undistributed revenue and royalties	2,889	2,541
Decrease in other current liabilities	(30,637)	(16,226)
Increase (decrease) in other noncurrent liabilities	1,007	(374)
Net cash provided by operating activities	<u>77,458</u>	<u>146,471</u>
<b>Cash flows from investing activities:</b>		
<b>Capital expenditures:</b>		
Oil and natural gas properties	(152,729)	(195,025)
Midstream service assets	(2,262)	(3,362)
Other fixed assets	(505)	(3,963)
Proceeds from disposition of equity method investee, net of selling costs	—	1,655
Proceeds from dispositions of capital assets, net of selling costs	43	1,021
Net cash used in investing activities	<u>(155,453)</u>	<u>(199,674)</u>
<b>Cash flows from financing activities:</b>		
Borrowings on Senior Secured Credit Facility	80,000	55,000
Share repurchases	—	(53,714)
Stock exchanged for tax withholding	(2,612)	(4,353)
Net cash provided by (used in) financing activities	<u>77,388</u>	<u>(3,067)</u>
Net decrease in cash and cash equivalents	(607)	(56,270)
Cash and cash equivalents, beginning of period	45,151	112,159
Cash and cash equivalents, end of period	<u>\$ 44,544</u>	<u>\$ 55,889</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.



**Laredo Petroleum, Inc.**  
**Condensed notes to the consolidated financial statements**  
**(Unaudited)**

**Note 1—Organization and basis of presentation****a. Organization**

Laredo Petroleum, Inc. ("Laredo"), together with its wholly-owned subsidiaries, Laredo Midstream Services, LLC ("LMS") and Garden City Minerals, LLC ("GCM"), is an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties, and midstream and marketing services, primarily in the Permian Basin of West Texas. LMS and GCM (together, the "Guarantors") guarantee all of Laredo's debt instruments. In these notes, the "Company" refers to Laredo, LMS and GCM collectively, unless the context indicates otherwise. All amounts, dollars and percentages presented in these unaudited consolidated financial statements and the related notes are rounded and, therefore, approximate.

**b. Basis of presentation**

The unaudited consolidated financial statements were derived from the historical accounting records of the Company and reflect the historical financial position, results of operations and cash flows for the periods described herein. The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All material intercompany transactions and account balances have been eliminated in the consolidation of accounts.

The unaudited consolidated financial statements have not been audited by the Company's independent registered public accounting firm, except that the consolidated balance sheet as of December 31, 2018 is derived from audited consolidated financial statements. In the opinion of management, the unaudited consolidated financial statements reflect all necessary adjustments to present fairly the Company's financial position as of March 31, 2019 and results of operations and cash flows for each of the three months ended March 31, 2019 and 2018.

Certain disclosures have been condensed or omitted from the unaudited consolidated financial statements. Accordingly, the unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the 2018 Annual Report.

*Significant accounting policies*

See Note 2 in the 2018 Annual Report for discussion of significant accounting policies and Note 3 for those related to the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842, Leases ("ASC 842").

*Use of estimates in the preparation of interim unaudited consolidated financial statements*

The preparation of the unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ.

For further information regarding the use of estimates and assumptions, see Note 2.b in the 2018 Annual Report, Note 3 pertaining to the Company's leases and Note 6.c pertaining to the Company's 2019 performance unit awards.

**Note 2—Recently issued or adopted accounting pronouncements**

The Company considers the applicability and impact of all accounting standard updates ("ASU") issued by the FASB. The discussion of the ASU listed below was determined to be meaningful to the Company's unaudited consolidated financial statements and footnotes during the three months ended March 31, 2019.

**a. Leases**

On January 1, 2019, the Company adopted ASC 842 using the modified retrospective approach and applying the optional transition method as of the beginning of the period of adoption. Results for the period beginning after January 1, 2019 are presented under ASC 842, while prior periods are not adjusted and continue to be reported under ASC 840. The Company utilized the transition package of expedients to leases that commenced before the effective date. ASC 842 supersedes previous lease guidance in ASC 840, *Leases* ("ASC 840"). The core principle of the new guidance is that a lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term related to its leases. For leases with a term of 12 months or less, a lessee is permitted to make

**Laredo Petroleum, Inc.**  
**Condensed notes to the consolidated financial statements**  
**(Unaudited)**

an accounting policy election, by class of underlying asset, not to recognize lease assets and lease liabilities. See Note 3 for further discussion of the ASC 842 adoption impact on the Company's unaudited consolidated financial statements.

**Note 3—Leases**

**a. Impact of ASC 842 adoption**

Prior to January 1, 2019, the Company accounted for leases under ASC 840 and did not record any right-of-use assets or corresponding lease liabilities. Upon the adoption of ASC 842 on January 1, 2019, the Company recognized \$22.1 million in operating lease right-of-use assets and \$25.3 million in operating lease liabilities on the unaudited consolidated balance sheets for operating leases with a term greater than 12 months. The difference between the two balances of \$3.2 million is mainly due to free rent and lease build-out incentives that were recorded as deferred lease liabilities under ASC 840. These deferred lease liabilities are subtracted from the right-of-use asset opening balance under ASC 842. The transition did not result in a material impact to the unaudited consolidated statements of operations nor was there a related impact to the unaudited consolidated statements of stockholders' equity.

The Company utilized the modified retrospective approach in adopting the new standard and applied the optional transition method as of the beginning of the period of adoption, along with the transition package of practical expedients, and implemented certain accounting policy decisions which include: (i) short-term lease recognition exemption, (ii) establishing a balance sheet recognition capitalization threshold, (iii) not evaluating existing or expired land easements that were not previously accounted for as leases under ASC 840 and (iv) accounting for certain asset classes at a portfolio level by not separating the lease and non-lease components and accounting for the agreement as a single lease component.

The Company determines whether a contract is or contains a lease at inception of the contract, based on answers to a series of questions that address whether an identified asset exists and whether the Company has the right to obtain substantially all of the benefit of the asset and to control its use over the full term of the agreement. When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. In such cases, the Company is required to use its incremental borrowing rate ("IBR"). The Company determines its IBR using both a "credit notching" approach and a "recovery method" approach. The results of these approaches are then weighted equally and averaged in order to determine the concluded IBR. This concluded IBR is utilized to discount the lease payments based on information available at lease commencement. There are no material residual value guarantees, nor any restrictions or covenants included in the Company's lease agreements.

Mineral leases, including oil and natural gas leases granting the right to explore for those natural resources and rights to use the land in which those natural resources are contained, are not included in the scope of ASC 842.

The Company has recognized in the unaudited consolidated balance sheets leases of commercial real estate with lease terms extending through 2027 and drilling, completion, production and other equipment leases with lease terms extending through 2020. We have various other drilling, completion and production equipment leases on a short-term basis reflected in our short-term lease costs.

Certain of the Company's leases include provisions for variable payments. These variable payments are typically determined based on a measure of throughput, actual days or another measure of usage and are not included in the calculation of lease liabilities and right-of-use assets. For our drilling rigs, the variable lease costs include the payments that depend on the performance or usage of the underlying asset, the costs to move and the costs to repair the drilling rigs. For certain of our commercial office buildings, utilities and common area maintenance charges are variable and are included as an operating lease expense. For our equipment leases, the variable lease cost is the amount incurred under our contracts that are beyond the minimum rental fee, inclusive of maintenance.

The Company's short-term lease costs include those that are recognized in net income (loss) during the period and capitalized as part of the cost of another asset in accordance with other GAAP. The costs related to drilling, completion and production activities are reflected at the Company's net ownership, which is consistent with the principals of proportional consolidation, and lease commitments are reflected on a gross basis. As of March 31, 2019, the Company had an average working interest of 97% in all Laredo-operated currently producing wells in its core operating area.

The Company does not have any significant finance leases.

Certain of the Company's lease asset classes include options to renew on a month-to-month basis. The Company considers contract-based, asset-based, market-based, and entity-based factors to determine the term over which it is reasonably certain to extend the lease in determining its right-of-use assets and liabilities.

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The Company's material leases do not include options to purchase the leased property.

Of the Company's commercial leases, the Company subleases certain office space to third parties where it is the primary obligor under the head lease. The lease terms on those subleases each contain renewal options that do not extend past the term of the head lease. The subleases do not contain residual value guarantees. Sublease income is recognized based on the contract terms and, upon the adoption of ASC 842, is included as a reduction of lease expense under our head lease.

*Lease costs*

The table below presents certain information related to the lease costs for the Company's operating leases for the period presented:

<b>(in thousands)</b>	<b>Three months ended March 31, 2019</b>	
<b>Components of total lease cost:</b>		
Operating lease cost	\$	3,528
Short-term lease cost		46,326
Variable lease cost		518
Sublease income		(247)
Total lease cost	\$	<u>50,125</u>

*Other information*

See Note 11 for disclosure of cash paid for amounts included in the measurement of lease liabilities and supplemental non-cash adjustments. See Note 15 for disclosure of related-party lease amounts.

*Lease terms and discount rates*

The table below presents certain information related to the weighted-average remaining lease term and weighted-average discount rate for the Company's operating leases as of the date presented:

	<b>March 31, 2019</b>
<b>Operating leases:</b>	
Weighted-average remaining lease term	4.00 years
Weighted-average discount rate	8.28%

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*Maturities of operating lease liabilities*

The table below reconciles the undiscounted cash flows for each of the first five years and the total remaining years to the operating lease liabilities recorded on the unaudited consolidated balance sheet as of the date presented:

<b>(in thousands)</b>	<b>March 31, 2019</b>
Operating leases:	
Remaining 2019	\$ 12,260
2020	3,331
2021	3,029
2022	2,360
2023	1,252
Thereafter	4,243
Total minimum lease payments	26,475
Less: lease liability expense	(4,278)
Present value of future minimum lease payments	22,197
Less: current obligations under leases	(10,896)
Long-term lease obligations	<u>\$ 11,301</u>

*Disclosure for the period prior to adoption of ASC 842*

The Company leases office space under operating leases expiring on various dates through 2027. The following table presents future minimum rental payments required:

<b>(in thousands)</b>	<b>December 31, 2018</b>
2019	\$ 3,092
2020	3,179
2021	3,128
2022	2,560
2023	1,358
Thereafter	4,556
Total future minimum rental payments required	<u>\$ 17,873</u>

The Company subleases office space with \$5.9 million of total future minimum rentals to be received as of December 31, 2018. For the period prior to the adoption of ASC 842, rent income is included in "Other income, net" on the unaudited consolidated statements of operations.

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**Note 4—Property and equipment**

The following table presents the Company's property and equipment as of the dates presented:

(in thousands)	March 31, 2019	December 31, 2018
Evaluated oil and natural gas properties	\$ 6,951,343	\$ 6,752,631
Less accumulated depletion and impairment	(4,913,384)	(4,854,017)
Evaluated oil and natural gas properties, net	2,037,959	1,898,614
Unevaluated oil and natural gas properties not being depleted	92,467	130,957
Midstream service assets	175,681	172,308
Less accumulated depreciation and impairment	(44,563)	(42,063)
Midstream service assets, net	131,118	130,245
Depreciable other fixed assets	45,591	45,431
Less accumulated depreciation and amortization	(24,752)	(23,871)
Depreciable other fixed assets, net	20,839	21,560
Land	18,259	18,259
Total property and equipment, net	\$ 2,300,642	\$ 2,199,635

For the three months ended March 31, 2019 and 2018, depletion expense for the Company's evaluated oil and natural gas properties was \$8.76 per barrel of oil equivalent ("BOE") sold and \$7.34 per BOE sold, respectively.

The Company uses the full cost method of accounting for its oil and natural gas properties. Under this method, all acquisition, exploration and development costs, including certain related employee costs incurred for the purpose of exploring for or developing oil and natural gas properties, are capitalized and depleted on a composite unit-of-production method based on proved oil, NGL and natural gas reserves. Such amounts include the cost of drilling and equipping productive wells, dry hole costs, lease acquisition costs, delay rentals and other costs related to such activities. Costs, including related employee costs, associated with production and general corporate activities are expensed in the period incurred. Sales of oil and natural gas properties, whether or not being depleted currently, are accounted for as adjustments of capitalized costs, with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil, NGL and natural gas.

The following table presents capitalized related employee costs incurred for the purpose of exploring for or developing oil and natural gas properties for the periods presented:

(in thousands)	Three months ended March 31,	
	2019	2018
Capitalized related employee costs	\$ 6,682	\$ 6,529

The Company excludes the costs directly associated with the acquisition and evaluation of unevaluated properties from the depletion calculation until it is determined whether or not proved reserves can be assigned to the properties. The Company capitalizes a portion of its interest costs to its unevaluated properties. Capitalized interest becomes a part of the cost of the unevaluated properties and is subject to depletion when proved reserves can be assigned to the associated properties. All items classified as unevaluated properties are assessed on a quarterly basis for possible impairment. The assessment includes consideration of the following factors, among others: intent to drill, remaining lease term, geological and geophysical evaluations, drilling results and activity, the assignment of evaluated reserves and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to depletion.

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The following table presents costs incurred in the acquisition, exploration and development of oil and natural gas properties, with asset retirement obligations included in development costs, for the periods presented:

(in thousands)	Three months ended March 31,	
	2019	2018
Property acquisition costs:		
Evaluated	\$ —	\$ —
Unevaluated	—	—
Exploration costs	7,505	6,137
Development costs	152,717	149,038
Total costs incurred	\$ 160,222	\$ 155,175

**Note 5—Debt**

**a. March 2023 Notes**

On March 18, 2015, the Company completed an offering of \$350.0 million in aggregate principal amount of 6 1/4% senior unsecured notes due 2023 (the "March 2023 Notes"). The March 2023 Notes will mature on March 15, 2023 and bear an interest rate of 6 1/4% per annum, payable semi-annually, in cash in arrears on March 15 and September 15 of each year, commencing September 15, 2015. The March 2023 Notes are fully and unconditionally guaranteed on a senior unsecured basis by LMS, GCM and certain of the Company's future restricted subsidiaries, subject to certain automatic customary releases, including the sale, disposition or transfer of all of the capital stock or of all or substantially all of the assets of a subsidiary guarantor to one or more persons that are not the Company or a restricted subsidiary, exercise of legal defeasance or covenant defeasance options or satisfaction and discharge of the applicable indenture, designation of a subsidiary guarantor as a non-guarantor restricted subsidiary or as an unrestricted subsidiary in accordance with the applicable indenture, release from guarantee under the Senior Secured Credit Facility, or liquidation or dissolution (collectively, the "Releases"). The Company may redeem, at its option, all or part of the March 2023 Notes at any time at a price of 103.125% of face value with call premiums declining annually to 100% of face value on March 15, 2021 and thereafter plus accrued and unpaid interest to, but not including, the date of redemption.

**b. January 2022 Notes**

On January 23, 2014, the Company completed an offering of \$450.0 million in aggregate principal amount of 5 5/8% senior unsecured notes due 2022 (the "January 2022 Notes"). The January 2022 Notes will mature on January 15, 2022 and bear an interest rate of 5 5/8% per annum, payable semi-annually, in cash in arrears on January 15 and July 15 of each year, commencing July 15, 2014. The January 2022 Notes are fully and unconditionally guaranteed on a senior unsecured basis by LMS, GCM and certain of the Company's future restricted subsidiaries, subject to certain Releases. The Company may redeem, at its option, all or part of the January 2022 Notes at any time at a price of 101.406% of face value with call premiums declining to 100% of face value on January 15, 2020 and thereafter plus accrued and unpaid interest to, but not including, the date of redemption.

**c. Senior Secured Credit Facility**

The Senior Secured Credit Facility matures on April 19, 2023, provided that if either the January 2022 Notes or March 2023 Notes have not been refinanced on or prior to the date (as applicable, the "Early Maturity Date") that is 90 days before their respective stated maturity dates, the Senior Secured Credit Facility will mature on such Early Maturity Date. As of March 31, 2019, the Senior Secured Credit Facility had a maximum credit amount of \$2.0 billion, a borrowing base of \$1.3 billion and an aggregate elected commitment of \$1.2 billion, with \$270.0 million outstanding and was subject to an interest rate of 3.75%. The Senior Secured Credit Facility contains both financial and non-financial covenants, all of which the Company was in compliance with for all periods presented. Additionally, the Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the lesser of total capacity or \$80.0 million. As of March 31, 2019 and December 31, 2018, the Company had one letter of credit outstanding of \$14.7 million under the Senior Secured Credit Facility. For additional information see Note 7.d in the 2018 Annual Report. See Note 17.a for discussion of the regular semi-annual borrowing base redetermination of the Senior Secured Credit Facility subsequent to March 31, 2019.

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**d. Long-term debt, net**

The following table summarizes the net presentation of the Company's long-term debt and debt issuance costs on the unaudited consolidated balance sheets as of the dates presented:

(in thousands)	March 31, 2019			December 31, 2018		
	Long-term debt	Debt issuance costs, net	Long-term debt, net	Long-term debt	Debt issuance costs, net	Long-term debt, net
January 2022 Notes	\$ 450,000	\$ (2,766)	\$ 447,234	\$ 450,000	\$ (3,010)	\$ 446,990
March 2023 Notes	350,000	(3,153)	346,847	350,000	(3,354)	346,646
Senior Secured Credit Facility <sup>(1)</sup>	270,000	—	270,000	190,000	—	190,000
Total	<u>\$ 1,070,000</u>	<u>\$ (5,919)</u>	<u>\$ 1,064,081</u>	<u>\$ 990,000</u>	<u>\$ (6,364)</u>	<u>\$ 983,636</u>

(1) Debt issuance costs, net related to our Senior Secured Credit Facility of \$6.6 million and \$7.0 million as of March 31, 2019 and December 31, 2018, respectively, are reported in "Other noncurrent assets, net" on the unaudited consolidated balance sheets.

**Note 6—Stockholders' equity and Equity Incentive Plan**

**a. Share repurchase program**

In February 2018, the Company's board of directors authorized a \$200 million share repurchase program commencing in February 2018. The repurchase program expires in February 2020. Share repurchases under the share repurchase program may be made through a variety of methods, which may include open market purchases, privately negotiated transactions and block trades. The timing and actual number of share repurchases will depend upon several factors, including market conditions, business conditions, the trading price of the Company's common stock and the nature of other investment opportunities available to the Company. During the year ended December 31, 2018, the Company repurchased 11,048,742 shares of common stock at a weighted-average price of \$8.78 per common share for a total of \$97.1 million under this program. All shares were retired upon repurchase. There were no share repurchases under this program during the three months ended March 31, 2019.

**b. Treasury stock**

Treasury stock is recorded at cost, which includes incremental direct transaction costs, and is retired upon acquisition as a result (i) from share repurchases under the share repurchase program, (ii) from the withholding of shares of stock to satisfy tax withholding obligations that arise upon the lapse of restrictions on restricted stock awards and the exercise of stock options at the awardee's election and (iii) share repurchases to cover the cost of the exercise of stock options at the awardee's election.

**c. Equity Incentive Plan**

The Laredo Petroleum, Inc. Omnibus Equity Incentive Plan (the "Equity Incentive Plan") provides for the granting of incentive awards in the form of restricted stock awards, stock option awards, performance share awards, performance unit awards and other awards. The Equity Incentive Plan provides for the issuance of up to 24,350,000 shares of Laredo's common stock. On March 20, 2019, the Company's compensation committee recommended, and the Company's board of directors adopted, subject to stockholder approval, an amendment (the "Second Amendment") to the Equity Incentive Plan to, among other things, increase the number of shares of common stock available for issuance under the Equity Incentive Plan by 5,500,000 shares, which would bring the total available shares to issue to 29,850,000. The Company is seeking stockholder approval of the Second Amendment at its 2019 Annual Meeting of Stockholders on May 16, 2019.

The Company recognizes the fair value of stock-based compensation awards and performance unit awards, expected to vest over the requisite service period, as a charge against earnings, net of amounts capitalized. The Company's stock-based compensation awards are accounted for as equity awards and are included in "General and administrative" on the unaudited consolidated statements of operations. The Company's performance unit awards are accounted for as liability awards and are included in "General and administrative" on the unaudited consolidated statements of operations and the corresponding liabilities are included in "Other noncurrent liabilities" on the unaudited consolidated balance sheets. The Company capitalizes a portion of stock-based compensation and performance unit award compensation for employees who are directly involved in the acquisition, exploration or development of oil and natural gas properties into the full cost pool. Capitalized stock-based compensation and performance unit award compensation is included in "Evaluated properties" on the unaudited consolidated balance sheets.

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*Restricted stock awards*

All service vesting restricted stock awards are treated as issued and outstanding in the unaudited consolidated financial statements. Per the award agreement terms, if an employee terminates employment prior to the restriction lapse date for reasons other than death or disability, the awarded shares are forfeited and canceled and are no longer considered issued and outstanding. If the employee's termination of employment is by reason of death or disability, all of the holder's restricted stock will automatically vest. Restricted stock awards granted to officers and employees vest in a variety of vesting schedules that mainly include (i) 33%, 33% and 34% per year beginning on the first anniversary of the grant date and (ii) fully on the first anniversary of the grant date. Stock awards granted to non-employee directors vest immediately on the grant date.

The following table reflects the restricted stock award activity for the three months ended March 31, 2019:

<b>(in thousands, except for weighted-average grant-date fair value)</b>	<b>Restricted stock awards</b>	<b>Weighted-average grant-date fair value (per award)</b>
Outstanding as of December 31, 2018	4,196	\$ 9.91
Granted	5,986	\$ 3.43
Forfeited	(48)	\$ 6.25
Vested <sup>(1)</sup>	(2,261)	\$ 10.05
Outstanding as of March 31, 2019	<u>7,873</u>	<u>\$ 4.96</u>

(1) The total intrinsic value of vested restricted stock awards for the three months ended March 31, 2019 was \$8.6 million.

The Company utilizes the closing stock price on the grant date to determine the fair value of restricted stock awards. As of March 31, 2019, unrecognized stock-based compensation related to the restricted stock awards expected to vest was \$34.3 million. Such cost is expected to be recognized over a weighted-average period of 2.34 years.

*Stock option awards*

Stock option awards granted under the Equity Incentive Plan vest and become exercisable in four equal installments on each of the four anniversaries of the grant date. As of March 31, 2019, the 2,466,022 outstanding stock option awards have a weighted-average exercise price of \$12.64 per award and a weighted-average remaining contractual term of 3.05 years. There were de minimis exercises and expirations or cancellations of stock option awards during the three months ended March 31, 2019. There were no grants or forfeits of stock option awards during the three months ended March 31, 2019.

The Company utilizes the Black-Scholes option pricing model to determine the fair value of stock option awards and recognizes the associated expense on a straight-line basis over the four-year requisite service period of the awards. Determining the fair value of equity-based awards requires judgment, including estimating the expected term that stock option awards will be outstanding prior to exercise and the associated expected volatility. As of March 31, 2019, unrecognized stock-based compensation related to stock option awards expected to vest was \$3.0 million. Such cost is expected to be recognized over a weighted-average period of 1.35 years.

*Performance share awards*

Performance share awards, which the Company has determined are equity awards, are subject to a combination of market, performance and service vesting criteria. For awards with market criteria or portions of awards with market criteria, which include: (i) the relative three-year total shareholder return comparing the Company's shareholder return to the shareholder return of the peer group specified in the award agreement ("RTSR Performance Percentage"), (ii) the Company's absolute three-year total shareholder return ("ATSR Appreciation") and (iii) the Company's total shareholder return ("TSR"), a Monte Carlo simulation prepared by an independent third party is utilized to determine the grant-date fair value and the associated expense is recognized on a straight-line basis over the three-year requisite service period of the awards. For portions of awards with performance criteria, which is the Company's three-year return on average capital employed ("ROACE Percentage"), the grant-date fair value is equal to the Company's closing stock price on the grant date, and for each reporting period, the associated expense fluctuates and is adjusted based on an estimated probability of how many shares are to be awarded for the three-year performance period. Such estimated shares, if earned, are expected to be issued in the first quarter following the completion of the requisite service period based on the achievement of certain market and performance criteria.



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The following table reflects the performance share award activity for the three months ended March 31, 2019:

(in thousands, except for weighted-average grant-date fair value)	Performance share awards	Weighted-average grant-date fair value (per award)
Outstanding as of December 31, 2018	3,436	\$ 13.74
Vested <sup>(1)</sup>	(1,503)	\$ 17.68
Outstanding as of March 31, 2019	1,933	\$ 10.68

(1) The performance share awards granted on May 25, 2016 had a performance period of January 1, 2016 to December 31, 2018 and, as their market criteria were not satisfied, resulted in a TSR modifier of 0% based on the Company finishing in the ninth percentile of its peer group for relative TSR. As such, the granted units lapsed and were not converted into the Company's common stock during the first quarter of 2019.

As of March 31, 2019, unrecognized stock-based compensation related to the performance share awards expected to vest was \$9.1 million. Such cost is expected to be recognized over a weighted-average period of 1.56 years.

*Stock-based compensation expense*

The following has been recorded to stock-based compensation expense for the periods presented:

(in thousands)	Three months ended March 31,	
	2019	2018
Restricted stock award compensation	\$ 5,323	\$ 6,045
Stock option award compensation	818	1,069
Performance share award compensation	3,164	4,327
Total stock-based compensation, gross	9,305	11,441
Less amounts capitalized in evaluated oil and natural gas properties	(1,899)	(2,102)
Total stock-based compensation, net	\$ 7,406	\$ 9,339

See Note 17.d for discussion of the Company's workforce reduction subsequent to March 31, 2019.

*Performance unit awards*

Performance unit awards, which the Company has determined are liability awards, are subject to a combination of market, performance and service vesting criteria and can be settled in cash, stock or a combination of cash and stock at the election of the Company's board of directors. For portions of awards with market criteria, which include the RTSR Performance Percentage (as defined above) and the ATSR Appreciation (as defined above), a Monte Carlo simulation prepared by an independent third party is utilized to determine the grant-date fair value and is re-measured on the last day of each reporting period until settlement, with the associated expense adjusted, in accordance with GAAP. For portions of awards with performance criteria, which is the ROACE Percentage (as defined above), the grant-date fair value is equal to the Company's closing stock price on the grant date, and subsequently the fair value is equal to the Company's closing stock price on the last day of each reporting period until settlement, with the associated expense adjusted, in accordance with GAAP. Additionally, the associated expense related to awards with performance criteria fluctuates and is adjusted based on an estimated probability of payout that will be awarded for the three-year performance period as of the last day of each reporting period until settlement. The performance unit award compensation expense is recognized on a straight-line basis over the three-year requisite service period of the awards. These awards are accounted for as liability awards as the current election by the Company's board of directors is to settle the awards in cash, and if earned, are expected to be paid in the first quarter following the completion of the requisite service period, based on the achievement of certain market and performance criteria.

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The following table reflects the performance unit award activity for the three months ended March 31, 2019:

(in thousands)	Performance unit awards
Outstanding as of December 31, 2018	—
Granted <sup>(1)</sup>	2,813
Outstanding as of March 31, 2019	2,813

- (1) The amount potentially payable in cash at the end of the requisite service period for the performance unit awards granted on February 28, 2019 will be determined based on three criteria: (i) RTSR Performance Percentage, (ii) ATSR Appreciation and (iii) ROACE Percentage. The RTSR Performance Percentage, ATSR Appreciation and ROACE Percentage will be used to identify the "RTSR Factor," the "ATSR Factor" and the "ROACE Factor," respectively, which are used to compute the "Performance Multiple" and ultimately to determine the final value of each performance unit granted at the maturity date. In computing the Performance Multiple, the RTSR Factor is given a 25% weight, the ATSR Factor a 25% weight and the ROACE Factor a 50% weight. These awards have a performance period of January 1, 2019 to December 31, 2021.

As of March 31, 2019, unrecognized performance unit award compensation related to the performance unit awards expected to vest was \$8.2 million. Such cost is expected to be recognized over a weighted-average period of 2.92 years.

The assumptions used to estimate the fair value of the performance unit awards as of the date presented are as follows:

	March 31, 2019 <sup>(1)</sup>
<b>(.25) RTSR Factor + (.25) ATSR Factor fair value assumptions:</b>	
Remaining performance period	2.76 years
Risk-free interest rate <sup>(2)</sup>	2.20%
Dividend yield	—%
Expected volatility <sup>(3)</sup>	55.13%
Closing stock price on March 29, 2019	\$ 3.09
Fair value per performance unit award (market criteria)	\$ 3.18
<b>(.50) ROACE Factor fair value assumption:</b>	
Closing stock price on March 29, 2019	\$ 3.09
Fair value per performance unit award (performance criteria)	\$ 3.09
<b>Combined fair value per performance unit award</b>	<b>\$ 3.14</b>

- (1) The \$3.14 per unit fair value consists of a (i) \$3.18 per unit fair value, determined utilizing a Monte Carlo simulation on March 31, 2019, for the combined (.25) RTSR Factor and (.25) ATSR Factor and (ii) \$3.09 per unit fair value for the (.50) ROACE Factor determined based on the closing price of the Company's common stock on the New York Stock Exchange on March 29, 2019 and based on a 100% estimated probability of payout to be awarded for the three-year performance period as of March 31, 2019.
- (2) The risk-free interest rate was derived using a term-matched zero-coupon yield derived from the U.S. Treasury constant maturities yield curve on March 29, 2019.
- (3) The Company utilized its own historical volatility in order to develop the expected volatility.

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*Performance unit award compensation expense*

The following has been recorded to performance unit award compensation expense for the periods presented:

(in thousands)	Three months ended March 31,	
	2019	2018
Performance unit award compensation, gross	\$ 238	\$ —
Less amounts capitalized in evaluated oil and natural gas properties	(46)	—
Total performance unit award compensation, net	\$ 192	\$ —

**Note 7—Derivatives**

Due to the inherent volatility in oil, NGL and natural gas prices, commodity transportation costs and differences in the prices of oil, NGL and natural gas between where the Company produces and where the Company sells such commodities, the Company engages in derivative transactions, such as puts, swaps, collars and basis swaps to hedge price risk associated with a portion of the Company's anticipated production. By removing a portion of the price volatility associated with future production, the Company expects to mitigate, but not eliminate, the potential effects of variability in cash flows from operations. See Notes 2.f and 9 in the 2018 Annual Report for discussion of the Company's accounting policies for derivatives and information on the transaction types and settlement indexes, respectively.

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The following table summarizes open derivative positions as of March 31, 2019, for derivatives that were entered into through March 31, 2019, for the settlement periods presented:

	Remaining year 2019		Year 2020		Year 2021
<b>Oil:</b>					
<b>Puts:</b>					
Volume (Bbl)	6,050,000		366,000		—
Weighted-average floor price (\$/Bbl)	\$ 47.45	\$	45.00	\$	—
Volume with deferred premium (Bbl)	3,575,000		—		—
Weighted-average deferred premium price (\$/Bbl)	\$ 3.21	\$	—	\$	—
<b>Swaps:</b>					
Volume (Bbl)	495,000		695,400		—
Weighted-average price (\$/Bbl)	\$ 53.45	\$	52.18	\$	—
<b>Collars:</b>					
Volume (Bbl)	—		1,134,600		912,500
Weighted-average floor price (\$/Bbl)	\$ —	\$	45.00	\$	45.00
Weighted-average ceiling price (\$/Bbl)	\$ —	\$	76.13	\$	71.00
<b>Totals:</b>					
Total volume with floor price (Bbl)	6,545,000		2,196,000		912,500
Weighted-average floor price (\$/Bbl)	\$ 47.91	\$	47.27	\$	45.00
Total volume with ceiling price (Bbl)	495,000		1,830,000		912,500
Weighted-average ceiling price (\$/Bbl)	\$ 53.45	\$	67.03	\$	71.00
<b>Basis Swaps:</b>					
<b>WTI Midland to WTI NYMEX:</b>					
Volume (Bbl)	1,840,000		—		—
Weighted-average price (\$/Bbl)	\$ (2.89)	\$	—	\$	—
<b>WTI Midland to WTI formula basis:</b>					
Volume (Bbl)	552,000		—		—
Weighted-average price (\$/Bbl)	\$ (4.37)	\$	—	\$	—
<b>WTI Houston to WTI Midland:</b>					
Volume (Bbl)	910,000		—		—
Weighted-average price (\$/Bbl)	\$ 7.30	\$	—	\$	—
<b>NGL:</b>					
<b>Swaps - Purity Ethane:</b>					
Volume (Bbl)	1,787,500		366,000		912,500
Weighted-average price (\$/Bbl)	\$ 14.22	\$	13.60	\$	12.01
<b>Swaps - Non-TET Propane:</b>					
Volume (Bbl)	1,430,000		1,244,400		730,000
Weighted-average price (\$/Bbl)	\$ 27.97	\$	26.58	\$	25.52
<b>Swaps - Non-TET Normal Butane:</b>					
Volume (Bbl)	550,000		439,200		255,500
Weighted-average price (\$/Bbl)	\$ 30.73	\$	28.69	\$	27.72
<b>Swaps - Non-TET Isobutane:</b>					
Volume (Bbl)	137,500		109,800		67,525
Weighted-average price (\$/Bbl)	\$ 31.08	\$	29.99	\$	28.79
<b>Swaps - Non-TET Natural Gasoline:</b>					
Volume (Bbl)	467,500		402,600		237,250
Weighted-average price (\$/Bbl)	\$ 45.80	\$	45.15	\$	44.31

**TABLE CONTINUES ON NEXT PAGE**

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	Remaining year 2019	Year 2020	Year 2021
Total NGL volume (Bbl)	4,372,500	2,562,000	2,202,775
Natural gas:			
Henry Hub NYMEX Swaps:			
Volume (MMBtu)	29,425,000	23,790,000	14,052,500
Weighted-average price (\$/MMBtu)	\$ 3.09	\$ 2.72	\$ 2.63
Basis Swaps:			
Volume (MMBtu)	29,425,000	32,574,000	23,360,000
Weighted-average price (\$/MMBtu)	\$ (1.51)	\$ (0.76)	\$ (0.47)

See Note 8.a for the fair value measurement of derivatives. See Note 17.c for the Company's subsequent hedge restructuring and corresponding summary of open derivative positions as of March 31, 2019 for derivative terminations and trade activity through May 1, 2019.

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**Note 8—Fair value measurements**

See Note 10 in the 2018 Annual Report for discussion of the Company's accounting policies for fair value measurements.

**a. Fair value measurement on a recurring basis**

The following tables summarize the Company's derivatives' fair value hierarchy by commodity and current and noncurrent assets and liabilities on a gross basis and the net presentation included in "Derivatives" on the unaudited consolidated balance sheets as of the dates presented:

(in thousands)	Level 1	Level 2	Level 3	Total gross fair value	Amounts offset	Net fair value presented on the unaudited consolidated balance sheets
<b>As of March 31, 2019:</b>						
<b>Assets:</b>						
<b>Current:</b>						
Oil derivatives	\$ —	\$ 4,911	\$ —	\$ 4,911	\$ (5,242)	\$ (331)
NGL derivatives	—	7,541	—	7,541	(6,210)	1,331
Natural gas derivatives	—	19,694	—	19,694	(5,943)	13,751
Oil derivative deferred premiums	—	—	—	—	(7,141)	(7,141)
<b>Noncurrent:</b>						
Oil derivatives	\$ —	\$ 2,432	\$ —	\$ 2,432	\$ (646)	\$ 1,786
NGL derivatives	—	2,518	—	2,518	(1,506)	1,012
Natural gas derivatives	—	3,446	—	3,446	(274)	3,172
Oil derivative deferred premiums	—	—	—	—	—	—
<b>Liabilities:</b>						
<b>Current:</b>						
Oil derivatives	\$ —	\$ (11,996)	\$ —	\$ (11,996)	\$ 5,242	\$ (6,754)
NGL derivatives	—	(5,871)	—	(5,871)	6,210	339
Natural gas derivatives	—	(5,082)	—	(5,082)	5,943	861
Oil derivative deferred premiums	—	—	(12,644)	(12,644)	7,141	(5,503)
<b>Noncurrent:</b>						
Oil derivatives	\$ —	\$ (2,991)	\$ —	\$ (2,991)	\$ 646	\$ (2,345)
NGL derivatives	—	(3,916)	—	(3,916)	1,506	(2,410)
Natural gas derivatives	—	918	—	918	274	1,192
Oil derivative deferred premiums	—	—	—	—	—	—
Net derivative asset (liability) positions	<u>\$ —</u>	<u>\$ 11,604</u>	<u>\$ (12,644)</u>	<u>\$ (1,040)</u>	<u>\$ —</u>	<u>\$ (1,040)</u>

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(in thousands)	Level 1	Level 2	Level 3	Total gross fair value	Amounts offset	Net fair value presented on the unaudited consolidated balance sheets
<b>As of December 31, 2018:</b>						
<b>Assets:</b>						
<b>Current:</b>						
Oil derivatives	\$ —	\$ 44,425	\$ —	\$ 44,425	\$ (7,907)	\$ 36,518
NGL derivatives	—	1,974	—	1,974	—	1,974
Natural gas derivatives	—	18,991	—	18,991	(3,267)	15,724
Oil derivative deferred premiums	—	—	—	—	(14,381)	(14,381)
<b>Noncurrent:</b>						
Oil derivatives	\$ —	\$ 10,626	\$ —	\$ 10,626	\$ —	\$ 10,626
NGL derivatives	—	1,024	—	1,024	—	1,024
Natural gas derivatives	—	108	—	108	(728)	(620)
Oil derivative deferred premiums	—	—	—	—	—	—
<b>Liabilities:</b>						
<b>Current:</b>						
Oil derivatives	\$ —	\$ (9,059)	\$ —	\$ (9,059)	\$ 7,907	\$ (1,152)
NGL derivatives	—	—	—	—	—	—
Natural gas derivatives	—	(7,290)	—	(7,290)	3,267	(4,023)
Oil derivative deferred premiums	—	—	(16,565)	(16,565)	14,381	(2,184)
<b>Noncurrent:</b>						
Oil derivatives	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
NGL derivatives	—	—	—	—	—	—
Natural gas derivatives	—	(728)	—	(728)	728	—
Oil derivative deferred premiums	—	—	—	—	—	—
Net derivative asset (liability) positions	<u>\$ —</u>	<u>\$ 60,071</u>	<u>\$ (16,565)</u>	<u>\$ 43,506</u>	<u>\$ —</u>	<u>\$ 43,506</u>

Significant Level 2 inputs associated with the calculation of discounted cash flows used in the fair value mark-to-market analysis of derivatives include each derivative contract's corresponding commodity index price(s), appropriate risk-adjusted discount rates and forward price curve models for substantially similar instruments generated from a compilation of data gathered from third parties.

The Company's deferred premiums associated with its derivative contracts are categorized as Level 3, as the Company utilizes a net present value calculation to determine the valuation. They are considered to be measured on a recurring basis as the derivative contracts they derive from are measured on a recurring basis. As derivative contracts containing deferred premiums are entered into, the Company discounts the associated deferred premium to its net present value at the contract trade date, using the Senior Secured Credit Facility rate at the trade date and then records the change in net present value to interest expense over the period from trade until the final settlement date at the end of the contract. After this initial valuation, the net present value of each deferred premium is not adjusted; therefore, significant increases (decreases) in the Senior Secured Credit Facility rate would result in a significantly lower (higher) fair value measurement for each new contract entered into that contained a deferred premium; however, the valuation for the deferred premiums already recorded would remain unaffected. While the Company believes the sources utilized to arrive at the fair value estimates are reliable, different sources or methods could have yielded different fair value estimates. The deferred premiums are included in "Derivatives" on the unaudited consolidated balance sheets, and as of March 31, 2019, their input rates range from 2.31% to 3.32% with a net fair value weighted-average rate of 2.74%.

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The following table presents payments required for derivative deferred premiums as of March 31, 2019 for the periods presented:

(in thousands)	March 31, 2019
Remaining 2019	\$ 11,486
2020	1,295
Total	<u>\$ 12,781</u>

A summary of the changes in net assets and liabilities classified as Level 3 measurements for the periods presented are as follows:

(in thousands)	Three months ended March 31,	
	2019	2018
Balance of Level 3 at beginning of period	\$ (16,565)	\$ (28,683)
Change in net present value of derivative deferred premiums <sup>(1)</sup>	(95)	(211)
Total purchases and settlements of derivative deferred premiums:		
Purchases	—	(5,422)
Settlements	4,016	4,024
Balance of Level 3 at end of period	<u>\$ (12,644)</u>	<u>\$ (30,292)</u>

(1) These amounts are included in "Interest expense" in the unaudited consolidated statements of operations.

See Note 2.f in the 2018 Annual Report for discussion of the Company's accounting policies for derivatives.

**b. Items not accounted for at fair value**

The carrying amounts reported in the unaudited consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued capital expenditures, undistributed revenue and royalties and other accrued assets and liabilities approximate their fair values.

The Company has not elected to account for its debt instruments at fair value. The following table presents the carrying amounts and fair values of the Company's debt as of the dates presented:

(in thousands)	March 31, 2019		December 31, 2018	
	Long-term debt	Fair value <sup>(1)</sup>	Long-term debt	Fair value <sup>(1)</sup>
January 2022 Notes	\$ 450,000	\$ 412,313	\$ 450,000	\$ 402,885
March 2023 Notes	350,000	312,375	350,000	316,624
Senior Secured Credit Facility	270,000	270,112	190,000	190,054
Total	<u>\$ 1,070,000</u>	<u>\$ 994,800</u>	<u>\$ 990,000</u>	<u>\$ 909,563</u>

(1) The fair values of the debt outstanding on the January 2022 Notes and the March 2023 Notes were determined using the March 31, 2019 and December 31, 2018 Level 1 fair value hierarchy quoted market price for each respective instrument. The fair value of the outstanding debt on the Senior Secured Credit Facility as of March 31, 2019 and December 31, 2018 was estimated utilizing the Level 2 fair value hierarchy pricing model for similar instruments. See Note 10 in the 2018 Annual Report for information about the fair value hierarchy levels.

**Note 9—Net income (loss) per common share**

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted-average common shares outstanding for the period. Diluted net income (loss) per common share reflects the potential dilution of non-vested restricted stock awards, outstanding stock option awards and non-vested performance share awards. See Note 6.c for additional discussion of these awards. For the three months ended March 31, 2019, all of these potentially dilutive items were anti-dilutive due to the Company's net loss and, therefore, were excluded from the calculation of diluted net income (loss) per common share. For the three months ended March 31, 2018, the dilutive effects of these awards were calculated utilizing the treasury stock method. For additional discussion of these dilutive effects, see Note 10 in the first-quarter 2018 Quarterly Report.



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The following table reflects the calculation of basic and diluted weighted-average common shares outstanding and net income (loss) per common share for the periods presented:

(in thousands, except for per share data)	Three months ended March 31,	
	2019	2018
<b>Net income (loss) (numerator):</b>		
Net income (loss)—basic and diluted	\$ (9,491)	\$ 86,520
<b>Weighted-average common shares outstanding (denominator):</b>		
Basic <sup>(1)</sup>	230,476	238,228
Dilutive non-vested restricted stock awards	—	1,064
Dilutive outstanding stock option awards	—	27
<b>Diluted</b>	<b>230,476</b>	<b>239,319</b>
<b>Net income (loss) per common share:</b>		
Basic	\$ (0.04)	\$ 0.36
Diluted	\$ (0.04)	\$ 0.36

(1) Weighted-average common shares outstanding used in the computation of basic and diluted net income (loss) per common share was computed taking into account share repurchases that occurred during the three months ended March 31, 2018. See Note 6.a for additional discussion of the Company's share repurchase program.

**Note 10—Commitments and contingencies**

**a. Litigation**

From time to time, the Company is subject to various legal proceedings arising in the ordinary course of business, including proceedings for which the Company may not have insurance coverage. While many of these matters involve inherent uncertainty, as of the date hereof, the Company does not currently believe that any such legal proceedings will have a material adverse effect on the Company's business, financial position, results of operations or liquidity. See Note 17.b for discussion of a favorable settlement received by the Company, which occurred subsequent to March 31, 2019, in connection with the Company's damage claims asserted in a previously disclosed litigation matter relating to a breach and wrongful termination of a crude oil purchase agreement.

**b. Drilling contracts**

The Company has committed to several drilling rig contracts with third parties to facilitate the Company's drilling plans. Certain of these contracts are for terms of multiple months and contain early termination clauses that require the Company to potentially pay penalties to the third party should the Company cease drilling efforts. These penalties would negatively impact the Company's financial statements upon early contract termination. There were no penalties incurred for early contract termination for either of the three months ended March 31, 2019 or 2018. As the Company's current drilling rig contracts are considered leases under the scope of ASC 842, the present value of the future commitment as of March 31, 2019 related to drilling contracts with an initial term greater than 12 months is included in "Operating lease liabilities" under "Current liabilities" on the unaudited consolidated balance sheet as of March 31, 2019. The future commitment of \$2.2 million as of March 31, 2019 related to drilling contracts with a term less than 12 months is not recorded in the unaudited consolidated balance sheets. See Note 3.a for further discussion of the impact of the ASC 842 adoption. Management does not currently anticipate the early termination of these contracts in 2019.

**c. Firm sale and transportation commitments**

The Company has committed to deliver, for sale or transportation, fixed volumes of product under certain contractual arrangements that specify the delivery of a fixed and determinable quantity. If not fulfilled, the Company is subject to firm transportation payments on excess pipeline capacity and other contractual penalties. These commitments are normal and customary for the Company's business. In certain instances, the Company has used spot market purchases to meet its commitments in certain locations or due to favorable pricing. Management anticipates continuing this practice in the future. The Company incurred firm transportation payments on excess pipeline capacity and other contractual penalties of \$0.5 million and \$0.1 million during the three months ended March 31, 2019 and 2018, respectively. These firm transportation payments on excess pipeline capacity and other contractual penalties are netted with the respective revenue stream in the unaudited

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consolidated statements of operations. Future commitments of \$358.5 million as of March 31, 2019 are not recorded in the unaudited consolidated balance sheets.

**d. Sand purchase and supply agreement**

During the second quarter of 2018, the Company entered into a sand purchase and supply agreement, for a term of one year, whereby it has committed to buy a certain volume of in-basin sand, utilized in the Company's completion activities, for a fixed price. As of March 31, 2019, under the terms of this agreement, the Company is required to purchase a certain percentage of the volume commitment or it would incur a shortfall payment of \$1.1 million at the end of the contract period.

**e. Federal and state regulations**

Oil and natural gas exploration, production and related operations are subject to extensive federal and state laws, rules and regulations. Failure to comply with these laws, rules and regulations can result in substantial penalties. The regulatory burden on the oil and natural gas industry increases the cost of doing business and affects profitability. The Company believes that it is in compliance with currently applicable federal and state regulations related to oil and natural gas exploration and production, and that compliance with the current regulations will not have a material adverse impact on the financial position or results of operations of the Company. These rules and regulations are frequently amended or reinterpreted; therefore, the Company is unable to predict the future cost or impact of complying with these regulations.

**f. Environmental**

The Company is subject to extensive federal, state and local environmental laws and regulations. These laws, among other things, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites. Environmental expenditures are expensed in the period incurred. Liabilities for expenditures of a non-capital nature are recorded when environmental assessment or remediation is probable and the costs can be reasonably estimated. Such liabilities are generally undiscounted unless the timing of cash payments is fixed and readily determinable. Management believes no materially significant liabilities of this nature existed as of March 31, 2019 or December 31, 2018.

**Note 11—Supplemental cash flow and non-cash information**

The following table presents supplemental cash flow and non-cash information:

(in thousands)	Three months ended March 31,	
	2019	2018
<b>Supplemental cash flow information:</b>		
Capitalized interest	\$ 242	\$ 255
<b>Supplemental non-cash investing information:</b>		
Increase (decrease) in accrued capital expenditures	\$ 6,443	\$ (43,336)
Capitalized stock-based compensation in evaluated oil and natural gas properties	\$ 1,899	\$ 2,102
Capitalized asset retirement costs	\$ 271	\$ 130
<b>Supplemental non-cash financing information:</b>		
Increase in accrued stock repurchases	\$ —	\$ 4,761

The following table presents supplemental cash flow and non-cash information related to leases:

(in thousands)	Three months ended March 31, 2019
<b>Supplemental cash paid for amounts included in the measurement of lease liabilities information:</b>	
Operating cash flows for operating leases	\$ 3,564
<b>Supplemental non-cash adjustments information:</b>	
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 22,090

See Note 3 for discussion of the Company's leases.

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**Note 12—Asset retirement obligations**

See Note 2.k in the 2018 Annual Report for discussion of the Company's accounting policies for asset retirement obligations.

The following table reconciles the Company's asset retirement obligation liability associated with tangible long-lived assets for the periods presented:

(in thousands)	Three months ended March 31,	
	2019	2018
Liability at beginning of period	\$ 56,882	\$ 55,506
Liabilities added due to acquisitions, drilling, midstream service asset construction and other	271	130
Accretion expense	1,052	1,106
Liabilities settled due to plugging and abandonment or removed due to sale	(447)	(440)
Liability at end of period	\$ 57,758	\$ 56,302

**Note 13—Revenue recognition****a. Impact of ASC 606 adoption on the Medallion Sale**

Medallion Gathering & Processing, LLC, a Texas limited liability company formed on October 12, 2012, which, together with its wholly-owned subsidiaries (collectively, "Medallion"), was established for the purpose of developing midstream solutions and providing midstream infrastructure to bring oil to market in the Midland Basin. Prior to the Medallion Sale (defined below), LMS held 49% of Medallion's ownership units. On October 30, 2017, LMS, together with Medallion Midstream Holdings, LLC, which is owned and controlled by an affiliate of the third-party interest-holder, The Energy & Minerals Group, completed the sale of 100% of the ownership interests in Medallion to an affiliate of Global Infrastructure Partners ("GIP"), for cash consideration of \$1.825 billion (the "Medallion Sale"). LMS' total net cash proceeds before taxes for its 49% ownership interest in Medallion were \$831.3 million.

LMS has a Transportation Services Agreement (the "TA") with a wholly-owned subsidiary of Medallion under which LMS receives firm transportation of the Company's crude oil production from Reagan County and Glasscock County in Texas to Colorado City, Texas that continues to be in effect after the Medallion Sale. Historically, the Company's crude oil purchasers have fulfilled the commitment by transporting crude oil, purchased from the Company, under the TA, as agent. As a result of the Company's continuing involvement with Medallion by guaranteeing cash flows under the TA, the Company recorded a deferred gain in the amount of its maximum exposure to loss related to such guarantees that would have been amortized over the TA's firm commitment transportation term through 2024 had the Company not adopted new revenue recognition guidance on January 1, 2018.

At December 31, 2017, the Medallion Sale was accounted for under the real estate guidance in ASC 360-20, *Property, Plant, and Equipment* ("ASC 360-20"), and the Company's maximum exposure to loss associated with future commitments under the TA was \$141.1 million that was not recorded in the Company's unaudited consolidated balance sheets. Under ASC 360-20, as a result of the Company's continuing involvement with Medallion by guaranteeing cash flows under the TA, the Company recorded a deferred gain in the amount of its maximum exposure to loss related to such guarantees. This deferred gain would have been amortized over the TA's firm commitment transportation term through 2024 had the Company not adopted ASC 606 on January 1, 2018.

In adopting ASC 606, the guidance in ASC 360-20 was superseded by ASC 860, *Transfers and Servicing* ("ASC 860"). The Medallion Sale is within the scope of ASC 860 and qualifies for sale accounting and recognition of the previously deferred gain because as of the date of the Medallion Sale (i) the Company transferred and legally isolated its full interests in Medallion to Global Infrastructure Partners ("GIP"), (ii) GIP received the right to pledge or exchange Medallion ownership interests at its full discretion and (iii) the Company did not have effective control over Medallion. Therefore, the deferred gain of \$141.1 million was recognized as an adjustment to the 2018 beginning balance of accumulated deficit, presented on the unaudited consolidated statements of stockholders' equity, in accordance with the modified retrospective approach of adoption. See Notes 4.c and 5.a in the 2018 Annual Report for further discussion of the Medallion Sale, the TA and the adoption of ASC 606.

**b. Revenue recognition**

Oil, NGL and natural gas revenues are generally recognized at the point in time that control of the product is transferred to the customer. Midstream service revenues are generated through fees for products and services that need to be delivered by midstream infrastructure, including oil and liquids-rich natural gas gathering services as well as rig fuel, natural gas lift and

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water delivery, recycling and takeaway and are recognized over time as the customer benefits from these services when provided. A more detailed summary of the underlying contracts that give rise to the Company's revenue and method of recognition can be found in Note 5.b in the 2018 Annual Report.

**Note 14—Income taxes**

The Company is subject to federal and state income taxes and the Texas franchise tax. The Company had federal net operating loss carryforwards totaling \$1.9 billion and state of Oklahoma net operating loss carryforwards totaling \$36.0 million as of March 31, 2019, which begin expiring in 2026 and 2032, respectively. Due to the enactment of Public Law No. 115-97, a comprehensive tax reform bill commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), \$157.2 million of the federal net operating loss carryforward will not expire but may be limited in future periods. As of March 31, 2019, the Company believes it is more likely than not that a portion of the net operating loss carryforwards are not fully realizable. The Company continues to consider new evidence, both positive and negative, in determining whether, based on the weight of that evidence, a valuation allowance is needed. Such consideration includes projected future cash flows from its oil, NGL and natural gas reserves (including the timing of those cash flows), the reversal of deferred tax liabilities recorded as of March 31, 2019, the Company's ability to capitalize intangible drilling costs, rather than expensing these costs in order to prevent an operating loss carryforward from expiring unused and future projections of Oklahoma sourced income. As of March 31, 2019, a total valuation allowance of \$239.0 million has been recorded against the net deferred tax asset, resulting in a net Texas deferred tax liability of \$5.0 million, which is included in "Other noncurrent liabilities" on the unaudited consolidated balance sheets.

The Company paid Alternative Minimum Tax ("AMT") related to the Medallion Sale in 2017. The payment of AMT creates an AMT credit carryforward. Due to changes in the Tax Act, AMT credit carryforwards do not expire and are now refundable over a five-year period. Therefore, as of March 31, 2019, a receivable has been recorded in the amount of \$4.1 million, of which \$2.1 million is included in "Accounts receivable, net" and \$2.0 million is included in "Other noncurrent assets, net" on the unaudited consolidated balance sheets.

**Note 15—Related party**

The Company has a drilling contract with Helmerich & Payne, Inc. ("H&P"). Laredo's Chairman and Chief Executive Officer is on the board of directors of H&P.

The drilling contract with H&P is considered a lease under the scope of ASC 842 and, as the initial term is greater than 12 months, it is capitalized as an operating lease and is included in "Operating lease right-of-use-assets." The present value of the future commitment is included in "Operating lease liabilities" under "Current liabilities" on the unaudited consolidated balance sheet as of March 31, 2019.

The following table presents the operating lease liability related to H&P included in the unaudited consolidated balance sheet:

(in thousands)	March 31, 2019
Operating lease liabilities	\$ 7,900

The following table presents the capital expenditures for oil and natural gas properties paid to H&P included in the unaudited consolidated statements of cash flows:

(in thousands)	Three months ended March 31,	
	2019	2018
Capital expenditures for oil and natural gas properties	\$ 2,982	\$ —

**Note 16—Subsidiary guarantors**

The Guarantors have fully and unconditionally guaranteed the January 2022 Notes, the March 2023 Notes and the Senior Secured Credit Facility, subject to the Releases. In accordance with practices accepted by the SEC, Laredo has prepared condensed consolidating financial statements to quantify the balance sheets, results of operations and cash flows of such subsidiaries as subsidiary guarantors. The following unaudited condensed consolidating (i) balance sheets as of March 31, 2019 and December 31, 2018, (ii) statements of operations for the three months ended March 31, 2019 and 2018 and (iii) statements of cash flows for the three months ended March 31, 2019 and 2018 present financial information for Laredo on a stand-alone basis (carrying any investment in subsidiaries under the equity method), financial information for the subsidiary guarantors on a stand-alone basis and the consolidation and elimination entries necessary to arrive at the information for the Company on a

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condensed consolidated basis. Income taxes for LMS and for GCM are recorded on Laredo's balance sheets, statements of operations and statements of cash flows as they are disregarded entities for income tax purposes. Laredo and the Guarantors are not restricted from making intercompany distributions to each other.

**Condensed consolidating balance sheet**  
**March 31, 2019**

(in thousands)	Laredo	Subsidiary Guarantors	Intercompany eliminations	Consolidated company
Accounts receivable, net	\$ 94,635	\$ 12,885	\$ —	\$ 107,520
Other current assets	63,836	1,374	—	65,210
Oil and natural gas properties, net	2,145,399	9,076	(24,049)	2,130,426
Midstream service assets, net	—	131,118	—	131,118
Other fixed assets, net	39,061	37	—	39,098
Investment in subsidiaries	135,199	—	(135,199)	—
Other noncurrent assets, net	37,245	4,172	—	41,417
Total assets	<u>\$ 2,515,375</u>	<u>\$ 158,662</u>	<u>\$ (159,248)</u>	<u>\$ 2,514,789</u>
Accounts payable and accrued liabilities	\$ 57,291	\$ 19,353	\$ —	\$ 76,644
Other current liabilities	125,377	1,601	—	126,978
Long-term debt, net	1,064,081	—	—	1,064,081
Other noncurrent liabilities	73,145	2,509	—	75,654
Total stockholders' equity	1,195,481	135,199	(159,248)	1,171,432
Total liabilities and stockholders' equity	<u>\$ 2,515,375</u>	<u>\$ 158,662</u>	<u>\$ (159,248)</u>	<u>\$ 2,514,789</u>

**Condensed consolidating balance sheet**  
**December 31, 2018**

(in thousands)	Laredo	Subsidiary Guarantors	Intercompany eliminations	Consolidated company
Accounts receivable, net	\$ 83,424	\$ 10,897	\$ —	\$ 94,321
Other current assets	97,045	1,386	—	98,431
Oil and natural gas properties, net	2,043,009	9,113	(22,551)	2,029,571
Midstream service assets, net	—	130,245	—	130,245
Other fixed assets, net	39,751	68	—	39,819
Investment in subsidiaries	128,380	—	(128,380)	—
Other noncurrent assets, net	23,783	4,135	—	27,918
Total assets	<u>\$ 2,415,392</u>	<u>\$ 155,844</u>	<u>\$ (150,931)</u>	<u>\$ 2,420,305</u>
Accounts payable and accrued liabilities	\$ 54,167	\$ 15,337	\$ —	\$ 69,504
Other current liabilities	121,297	9,664	—	130,961
Long-term debt, net	983,636	—	—	983,636
Other noncurrent liabilities	59,511	2,463	—	61,974
Total stockholders' equity	1,196,781	128,380	(150,931)	1,174,230
Total liabilities and stockholders' equity	<u>\$ 2,415,392</u>	<u>\$ 155,844</u>	<u>\$ (150,931)</u>	<u>\$ 2,420,305</u>

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**Condensed consolidating statement of operations**  
**For the three months ended March 31, 2019**

(in thousands)	Laredo	Subsidiary Guarantors	Intercompany eliminations	Consolidated company
Total revenues	\$ 173,521	\$ 54,332	\$ (18,906)	\$ 208,947
Total costs and expenses	119,735	52,223	(17,408)	154,550
Operating income	53,786	2,109	(1,498)	54,397
Interest expense	(15,547)	—	—	(15,547)
Other non-operating income (expense), net	(46,328)	93	(2,202)	(48,437)
Income (loss) before income taxes	(8,089)	2,202	(3,700)	(9,587)
Total income tax benefit	96	—	—	96
Net income (loss)	\$ (7,993)	\$ 2,202	\$ (3,700)	\$ (9,491)

**Condensed consolidating statement of operations**  
**For the three months ended March 31, 2018**

(in thousands)	Laredo	Subsidiary Guarantors	Intercompany eliminations	Consolidated company
Total revenues	\$ 197,825	\$ 76,300	\$ (14,429)	\$ 259,696
Total costs and expenses	105,688	74,564	(13,748)	166,504
Operating income	92,137	1,736	(681)	93,192
Interest expense	(13,518)	—	—	(13,518)
Other non-operating income (expense), net	8,582	(256)	(1,480)	6,846
Income before income taxes	87,201	1,480	(2,161)	86,520
Total income tax	—	—	—	—
Net income	\$ 87,201	\$ 1,480	\$ (2,161)	\$ 86,520

**Condensed consolidating statement of cash flows**  
**For the three months ended March 31, 2019**

(in thousands)	Laredo	Subsidiary Guarantors	Intercompany eliminations	Consolidated company
Net cash provided by (used in) operating activities	\$ 82,020	\$ (2,360)	\$ (2,202)	\$ 77,458
Capital expenditures and other, net	(160,015)	2,360	2,202	(155,453)
Net cash provided by financing activities	77,388	—	—	77,388
Net decrease in cash and cash equivalents	(607)	—	—	(607)
Cash and cash equivalents, beginning of period	45,150	1	—	45,151
Cash and cash equivalents, end of period	\$ 44,543	\$ 1	\$ —	\$ 44,544

**Condensed consolidating statement of cash flows**  
**For the three months ended March 31, 2018**

(in thousands)	Laredo	Subsidiary Guarantors	Intercompany eliminations	Consolidated company
Net cash provided by operating activities	\$ 140,247	\$ 7,704	\$ (1,480)	\$ 146,471
Capital expenditures and other, net	(193,450)	(7,704)	1,480	(199,674)
Net cash used in financing activities	(3,067)	—	—	(3,067)
Net decrease in cash and cash equivalents	(56,270)	—	—	(56,270)
Cash and cash equivalents, beginning of period	112,158	1	—	112,159
Cash and cash equivalents, end of period	\$ 55,888	\$ 1	\$ —	\$ 55,889

**Laredo Petroleum, Inc.**  
**Condensed notes to the consolidated financial statements**  
**(Unaudited)**

**Note 17—Subsequent events**
**a. Senior Secured Credit Facility**

On April 30, 2019, pursuant to the regular semi-annual redetermination, the lenders decreased the borrowing base and aggregate elected commitment under the Senior Secured Credit Facility to \$1.1 billion each.

**b. Litigation settlement**

On April 12, 2019, the Company finalized and received a favorable settlement of \$42.5 million in connection with its damage claims asserted in a previously disclosed litigation matter relating to a breach and wrongful termination of a crude oil purchase agreement. The Company does not anticipate the receipt of further payments in connection with this matter as this settlement constituted a full and final satisfaction of the Company's claims. Given that this amount is considered a gain contingency, it was not recorded as income during the period ending March 31, 2019, or in any prior period. The Company intends to recognize this settlement amount as other non-operating income in its unaudited consolidated statement of operations for the quarter ending June 30, 2019.

**c. Derivatives**

Subsequent to March 31, 2019, the Company completed a hedge restructuring by early terminating puts and collars and entered into new swaps. The Company paid a net termination amount of \$5.4 million, that included both the full settlement of the deferred premiums associated with the early-terminated puts, partially offset by the value at the time of termination of the early-terminated puts and collars. The present value of these deferred premium liabilities, classified under Level 3 of the fair value hierarchy, upon their early termination was \$7.2 million. See Note 10 in the 2018 Annual Report for information about the fair value hierarchy levels. The following table details the derivatives that were terminated:

	Aggregate volumes (Bbl)	Weighted-average floor price (\$/Bbl)	Weighted-average ceiling price (\$/Bbl)	Contract period
Oil puts	5,087,500	\$ 46.03	\$ —	April 2019 - December 2019
Oil collars	1,134,600	\$ 45.00	\$ 76.13	January 2020 - December 2020

The following table summarizes open derivative positions as of March 31, 2019, for derivative terminations and trade activity through May 1, 2019, for the settlement periods presented:

	Remaining year 2019	Year 2020	Year 2021
<b>Oil:</b>			
<b>Puts:</b>			
Volume (Bbl)	962,500	366,000	—
Weighted-average floor price (\$/Bbl)	\$ 55.00	\$ 45.00	\$ —
Volume with deferred premium (Bbl)	962,500	—	—
Weighted-average deferred premium price (\$/Bbl)	\$ 4.39	\$ —	\$ —
<b>Swaps:</b>			
Volume (Bbl)	5,912,500	7,173,600	—
Weighted-average price (\$/Bbl)	\$ 61.31	\$ 59.50	\$ —
<b>Collars:</b>			
Volume (Bbl)	—	—	912,500
Weighted-average floor price (\$/Bbl)	\$ —	\$ —	\$ 45.00
Weighted-average ceiling price (\$/Bbl)	\$ —	\$ —	\$ 71.00
<b>Totals:</b>			
Total volume with floor price (Bbl)	6,875,000	7,539,600	912,500
Weighted-average floor price (\$/Bbl)	\$ 60.42	\$ 58.79	\$ 45.00
Total volume with ceiling price (Bbl)	5,912,500	7,173,600	912,500
Weighted-average ceiling price (\$/Bbl)	\$ 61.31	\$ 59.50	\$ 71.00

**TABLE CONTINUES ON NEXT PAGE**

**Laredo Petroleum, Inc.**  
**Condensed notes to the consolidated financial statements**  
**(Unaudited)**

	Remaining year 2019	Year 2020	Year 2021
<b>Basis Swaps:</b>			
WTI Midland to WTI NYMEX:			
Volume (Bbl)	1,840,000	—	—
Weighted-average price (\$/Bbl)	\$ (2.89)	\$ —	\$ —
WTI Midland to WTI formula basis:			
Volume (Bbl)	552,000	—	—
Weighted-average price (\$/Bbl)	\$ (4.37)	\$ —	\$ —
WTI Houston to WTI Midland:			
Volume (Bbl)	910,000	—	—
Weighted-average price (\$/Bbl)	\$ 7.30	\$ —	\$ —
<b>NGL:</b>			
Swaps - Purity Ethane:			
Volume (Bbl)	1,787,500	366,000	912,500
Weighted-average price (\$/Bbl)	\$ 14.22	\$ 13.60	\$ 12.01
Swaps - Non-TET Propane:			
Volume (Bbl)	1,430,000	1,244,400	730,000
Weighted-average price (\$/Bbl)	\$ 27.97	\$ 26.58	\$ 25.52
Swaps - Non-TET Normal Butane:			
Volume (Bbl)	550,000	439,200	255,500
Weighted-average price (\$/Bbl)	\$ 30.73	\$ 28.69	\$ 27.72
Swaps - Non-TET Isobutane:			
Volume (Bbl)	137,500	109,800	67,525
Weighted-average price (\$/Bbl)	\$ 31.08	\$ 29.99	\$ 28.79
Swaps - Non-TET Natural Gasoline:			
Volume (Bbl)	467,500	402,600	237,250
Weighted-average price (\$/Bbl)	\$ 45.80	\$ 45.15	\$ 44.31
Total NGL volume (Bbl)	4,372,500	2,562,000	2,202,775
<b>Natural gas:</b>			
Henry Hub NYMEX Swaps:			
Volume (MMBtu)	29,425,000	23,790,000	14,052,500
Weighted-average price (\$/MMBtu)	\$ 3.09	\$ 2.72	\$ 2.63
Basis Swaps:			
Volume (MMBtu)	29,425,000	32,574,000	23,360,000
Weighted-average price (\$/MMBtu)	\$ (1.51)	\$ (0.76)	\$ (0.47)

**d. Workforce reduction**

On April 2, 2019, the Company announced the retirement of two of its Senior Officers. Additionally, on April 8, 2019 (the "Effective Date"), the Company committed to a company-wide reorganization effort (the "Plan") that includes a workforce reduction of approximately 20%, which included an Executive Officer. The reduction in workforce was communicated to employees on the Effective Date and implemented immediately, subject to certain administrative procedures. The Company's board of directors approved the Plan in response to recent market conditions and to reduce costs and better position the Company for the future. In connection with the retirements on April 2, 2019 and with the Plan, the Company estimates that it will incur an aggregate of approximately \$12.0 million of one-time charges in the second quarter of 2019 comprising of compensation, taxes, professional fees, outplacement and insurance-related expenses.



## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and condensed notes thereto included elsewhere in this Quarterly Report as well as our audited consolidated financial statements and notes thereto included in our 2018 Annual Report. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Statements." Except for purposes of the unaudited consolidated financial statements and condensed notes thereto included elsewhere in this Quarterly Report, references in this Quarterly Report to "Laredo," "we," "us," "our" or similar terms refer to Laredo, LMS and GCM collectively, unless the context otherwise indicates or requires. All amounts, dollars and percentages presented in this Quarterly Report are rounded and therefore approximate.

### **Executive overview**

We are an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties, and midstream and marketing services, primarily in the Permian Basin of West Texas. Since our inception, we have grown primarily through our drilling program coupled with select strategic acquisitions and joint ventures.

Our financial and operating performance for the three months ended March 31, 2019 included the following:

- Oil, NGL and natural gas sales of \$173.4 million, compared to \$197.4 million for the three months ended March 31, 2018, this decrease in sales is the result of a 26% decrease in average sales price per BOE, partially offset by a 19% increase in MBOE volumes sold;
- Average daily sales volumes of 75,276 BOE/D, compared to 63,314 BOE/D for the three months ended March 31, 2018;
- Net loss of \$9.5 million, compared to net income of \$86.5 million for the three months ended March 31, 2018; and
- Adjusted EBITDA (a non-GAAP financial measure) of \$122.9 million, compared to \$143.4 million for the three months ended March 31, 2018. See page 42 for a discussion and reconciliation of Adjusted EBITDA.

### **Recent developments**

#### *Potential future low commodity price impact on our second-quarter 2019 full cost ceiling impairment test*

Oil, NGL and natural gas prices decreased in the first quarter of 2019. If prices remain at or below the current levels, subject to numerous factors and inherent limitations, some of which are discussed below, and all other factors remain constant, it is possible we will incur a non-cash full cost ceiling impairment in second-quarter 2019, which will have an adverse effect on our results of operations.

There are numerous uncertainties inherent in the estimation of proved reserves and accounting for oil and natural gas properties in future periods. In addition to unknown future commodity prices, other uncertainties include (i) changes in drilling and completion costs, (ii) changes in oilfield service costs, (iii) production results, (iv) our ability, in a low price environment, to strategically drill the most economic locations in our multi-stack horizontal targets, (v) income tax impacts, (vi) potential recognition of additional proved undeveloped reserves, (vii) any potential value added to our proved reserves when testing recoverability from drilling unbooked locations, (viii) revisions to production curves based on additional data and (ix) the inherent significant volatility in the commodity prices for oil, NGL and natural gas recently exemplified by price changes in recent months.

Each of the above factors is evaluated on a quarterly basis and if there is a material change in any factor it is incorporated into our reserves estimation utilized in our quarterly accounting estimates. We use our reserve estimates to evaluate, also on a quarterly basis, the reasonableness of our resource development plans for our reported reserves. Changes in circumstance, including commodity pricing, economic factors and the other uncertainties described above may lead to changes in our development plans.

Set forth below is a calculation of a potential future impairment of our evaluated oil and natural gas properties. Such implied impairment should not be interpreted to be indicative of our development plan or of our actual future results. Each of the uncertainties noted above has been evaluated for material known trends to be potentially included in the estimation of possible second-quarter effects. Based on such review, we determined that the impact of decreased commodity prices is the only significant known variable necessary in calculating the following scenario.

Our hypothetical second-quarter 2019 full cost ceiling calculation has been prepared by substituting (i) \$56.49 per Bbl for oil, (ii) \$20.15 per Bbl for NGL and (iii) \$0.92 per Mcf for natural gas (collectively, the "Pro Forma Second-Quarter Prices") for the respective Realized Prices (as defined below) as of March 31, 2019. All other inputs and assumptions have been held constant. Accordingly, this estimation strictly isolates the estimated impact of low commodity prices on the second-quarter 2019 Realized Prices that will be utilized in our full cost ceiling calculation. The Pro Forma Second-Quarter Prices use a slightly modified Realized Price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for oil, NGL and natural gas for the 12 months ended April 1, 2019. Based solely on the substitution of the Pro Forma Second-Quarter Prices into our March 31, 2019 reserve estimates, we would not have a second-quarter 2019 impairment. Under the same assumptions as above, but reducing the oil price to \$56.30 per barrel ("Pro Forma Oil Price"), our full cost ceiling would approximately equal our after-tax net book basis to be recovered, implying a potential impairment of our evaluated oil and natural gas properties if the oil Realized Price applied to our reserves decreased below this Pro Forma Oil Price during second-quarter 2019. We believe that substituting these prices into our March 31, 2019 reserve estimates may help provide users with an understanding of the potential impact on our second-quarter 2019 full cost ceiling test.

See "Part I, Item 1A. Risk Factors—Risks related to our business—As a result of the volatility in prices for oil, NGL and natural gas, we have taken and may be required to take further write-downs of the carrying values of our properties" in our 2018 Annual Report.

#### *Succession plan*

We have implemented and been focused on a succession plan, which also included retirements and reductions in force (described below) that included a former Executive Officer and two former Senior Officers. On April 24, 2019, our board of directors announced the appointment of Mikell J. Pigott as President of the Company, effective as of May 28, 2019. The board also appointed Mr. Pigott to become a member of the board, effective May 28, 2019, and to hold office until the 2020 annual meeting of stockholders or until his successor has been duly elected and qualified. As part of our comprehensive succession planning process, Mr. Pigott will succeed Randy A. Foutch, as the Company's Chief Executive Officer during the fourth quarter of 2019. The terms of Mr. Pigott's offer are included in an exhibit to this Quarterly Report.

#### *Litigation settlement*

On April 15, 2019, we finalized and received a favorable settlement of \$42.5 million in connection with our damage claims asserted in a previously disclosed litigation matter relating to a breach and wrongful termination of a crude oil purchase agreement. We do not anticipate the receipt of further payments in connection with this matter as this settlement constituted a full and final satisfaction of our claims. Given that this amount is considered a gain contingency, it was not recorded as income during the period ending March 31, 2019, or in any prior period. We intend to recognize this settlement amount as other non-operating income in our unaudited consolidated statement of operations for the quarter ending June 30, 2019.

#### *Workforce reduction*

On April 2, 2019, we announced the retirement of two of our Senior Officers. Additionally, on April 8, 2019, we committed to a Plan that includes a workforce reduction of approximately 20%, which included an Executive Officer. The reduction in workforce was communicated to employees on April 8, 2019 and implemented immediately, subject to certain administrative procedures. Our board of directors approved the Plan in response to recent market conditions and to reduce costs and better position us for the future. In connection with the retirements on April 2, 2019 and with the Plan, we estimate that we will incur an aggregate of approximately \$12.0 million of one-time charges in the second quarter of 2019 comprising of compensation, taxes, professional fees, outplacement and insurance-related expenses.

#### **Core area of operations**

The oil and liquids-rich Permian Basin is characterized by multiple target horizons, long-lived reserves, high drilling success rates and high initial production rates. As of March 31, 2019, we had assembled 122,461 net acres in the Permian Basin.

#### **Pricing and reserves**

Our results of operations are heavily influenced by oil, NGL and natural gas prices. Oil, NGL and natural gas price fluctuations are caused by changes in global and regional supply and demand, market uncertainty, economic conditions, transportation constraints and a variety of additional factors. Historically, commodity prices have experienced significant fluctuations, and additional changes in commodity prices may affect the economic viability of, and our ability to fund, our drilling projects, as well as the economic valuation and economic recovery of oil, NGL and natural gas reserves.

We have entered into a number of derivative contracts that have enabled us to offset a portion of the changes in our cash flow caused by fluctuations in price and basis differentials for our sales of oil, NGL and natural gas, as discussed in "Item 3. Quantitative and Qualitative Disclosures About Market Risk."

The unweighted arithmetic average first-day-of-the-month prices for oil, NGL and natural gas for each month within the 12-month period prior to the end of the reporting period before pricing differentials, adjusted for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the prices received at the wellhead ("Realized Prices"), utilized to value our reserves as of March 31, 2019 and March 31, 2018, were \$56.72 per Bbl for oil, \$20.46 per Bbl for NGL and \$1.09 per Mcf for natural gas, and \$48.72 per Bbl for oil, \$18.83 per Bbl for NGL and \$1.97 per Mcf for natural gas, respectively. The Realized Prices used to estimate proved reserves do not include derivative transactions. The unamortized cost of our evaluated oil and natural gas properties did not exceed the full cost ceiling amount as of March 31, 2019 or March 31, 2018. See Note 4 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for discussion of our full cost method of accounting.

Horizontal drilling of unconventional wells using enhanced completions techniques, including, but not limited to, hydraulic fracturing, is a relatively new process and, as such, forecasting the long-term production of such wells is inherently uncertain and subject to varying interpretations. As we receive and process geological and production data from these wells over time, we analyze such data to confirm whether previous assumptions regarding original forecasted production and reserves continue to appear accurate or require modification. While all production forecasts have elements of uncertainty over the life of the related wells, we are seeing indications that the oil portion of such reserves may be less than originally anticipated and the decline curves may be steeper than originally anticipated.

Initial production results, production decline rates, well density, completion design and operating method are examples of the numerous uncertainties and variables inherent in the estimation of proved reserves in future periods. The quantity of proved reserves is one of the many variables inherent in the calculation of depletion. Negative revisions in the estimated quantities of proved reserves have the effect of increasing the rates of depletion on the affected properties, which decreases earnings and increases losses through higher depletion expense. We have experienced increased depletion per BOE sold for first-quarter 2019.

### Sources of our revenue

Our revenues are derived from the sale of produced oil, NGL and natural gas, the sale of purchased oil and providing midstream services to third parties, all within the continental United States and do not include the effects of derivatives. Our oil, NGL and natural gas revenues may vary significantly from period to period as a result of changes in volumes of production, pricing differentials and/or changes in commodity prices. Our sales of purchased oil revenue may vary due to changes in oil prices, pricing differentials and the amount of volumes purchased. Our midstream service revenues may vary due to oil throughput fees and the level of services provided to third parties for (i) oil and natural gas gathering and transportation systems and related facilities, (ii) natural gas lift, rig fuel and centralized compression infrastructure and (iii) water storage, recycling and transportation infrastructure. See Notes 2.n and 5.b to our consolidated financial statements in our 2018 Annual Report for additional information regarding our revenue recognition policies.

The following table presents our sources of revenue as a percentage of total revenues:

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Oil sales	62%	58%
NGL sales	15%	11%
Natural gas sales	6%	7%
Midstream service revenues	1%	1%
Sales of purchased oil	16%	23%
Total	100%	100%

## Results of operations

*For the three months ended March 31, 2019 as compared to the three months ended March 31, 2018*

*Oil, NGL and natural gas sales volumes, revenues and prices*

The following table presents information regarding our oil, NGL and natural gas sales volumes, revenues and average sales prices:

	Three months ended March 31,	
	2019	2018
<b>Sales volumes:</b>		
Oil (MBbl)	2,534	2,439
NGL (MBbl)	2,099	1,563
Natural gas (MMcf)	12,849	10,173
Oil equivalents (MBOE) <sup>(1)(2)</sup>	6,775	5,698
Average daily sales volumes (BOE/D) <sup>(2)</sup>	75,276	63,314
% Oil <sup>(2)</sup>	37%	43%
<b>Sales revenues (in thousands):</b>		
Oil	\$ 129,171	\$ 150,914
NGL	32,235	28,360
Natural gas	11,970	18,160
Total oil, NGL and natural gas sales revenues	<u>\$ 173,376</u>	<u>\$ 197,434</u>
<b>Average sales prices<sup>(2)</sup>:</b>		
Oil, without derivatives (\$/Bbl) <sup>(3)</sup>	\$ 50.97	\$ 61.87
NGL, without derivatives (\$/Bbl) <sup>(3)</sup>	\$ 15.36	\$ 18.14
Natural gas, without derivatives (\$/Mcf) <sup>(3)</sup>	\$ 0.93	\$ 1.79
Average price, without derivatives (\$/BOE) <sup>(3)</sup>	\$ 25.59	\$ 34.65
Oil, with derivatives (\$/Bbl) <sup>(4)</sup>	\$ 47.66	\$ 58.53
NGL, with derivatives (\$/Bbl) <sup>(4)</sup>	\$ 15.33	\$ 18.11
Natural gas, with derivatives (\$/Mcf) <sup>(4)</sup>	\$ 1.11	\$ 1.85
Average price, with derivatives (\$/BOE) <sup>(4)</sup>	\$ 24.68	\$ 33.34

(1) BOE is calculated using a conversion rate of six Mcf per one Bbl.

(2) The numbers presented are based on actual results and are not calculated using the rounded numbers presented in the table above.

(3) Realized oil, NGL and natural gas prices are the actual prices received when control passes to the purchaser/customer adjusted for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the wellhead.

(4) Price reflects the after-effects of our derivative transactions on our average sales prices. Our calculation of such after-effects includes settlements of matured derivatives during the respective periods in accordance with GAAP and an adjustment to reflect premiums incurred previously or upon settlement that are attributable to derivatives that settled during the respective periods.

The following table presents settlements (paid) received for matured derivatives and premiums paid previously or upon settlement attributable to derivatives that matured during the periods utilized in our calculation of the average sales prices with derivatives presented above:

(in thousands)	Three months ended March 31,	
	2019	2018
Settlements (paid) received for matured derivatives:		
Oil	\$ (2,095)	\$ (3,736)
NGL	(57)	(47)
Natural gas	2,254	1,547
Total	\$ 102	\$ (2,236)
Premiums paid previously or upon settlement attributable to derivatives that matured during the respective period:		
Oil	\$ (6,300)	\$ (4,403)
Natural gas	—	(841)
Total	\$ (6,300)	\$ (5,244)

Changes in average sales prices without derivatives and sales volumes caused the following changes to our oil, NGL and natural gas revenues between the three months ended March 31, 2019 and 2018:

(in thousands)	Oil	NGL	Natural gas	Total net effect of change
2018 Revenues	\$ 150,914	\$ 28,360	\$ 18,160	\$ 197,434
Effect of changes in average sales prices	(27,602)	(5,847)	(10,967)	(44,416)
Effect of changes in sales volumes	5,859	9,722	4,777	20,358
2019 Revenues	\$ 129,171	\$ 32,235	\$ 11,970	\$ 173,376

*Oil sales revenue.* Our oil sales revenue is a function of oil production volumes sold and average oil sales prices received for those volumes. The decrease in oil sales revenue of \$21.7 million, or 14%, for the three months ended March 31, 2019 as compared to the same period in 2018 is due to an 18% decrease in average oil sales prices and was partially offset by a 4% increase in oil sales volumes.

*NGL sales revenue.* Our NGL sales revenue is a function of NGL production volumes sold and average NGL sales prices received for those volumes. The increase in NGL sales revenue of \$3.9 million, or 14%, for the three months ended March 31, 2019 as compared to the same period in 2018 is due to a 34% increase in NGL sales volumes and was partially offset by a 15% decrease in average NGL sales prices.

*Natural gas sales revenue.* Our natural gas sales revenue is a function of natural gas production volumes sold and average natural gas sales prices received for those volumes. The decrease in natural gas sales revenue of \$6.2 million, or 34%, for the three months ended March 31, 2019 as compared to the same period in 2018 is due to a 48% decrease in average natural gas sales prices and was partially offset by a 26% increase in natural gas sales volumes.

The following table presents midstream service and sales of purchased oil revenues:

(in thousands)	Three months ended March 31,	
	2019	2018
Midstream service revenues	\$ 2,883	\$ 2,359
Sales of purchased oil	\$ 32,688	\$ 59,903

*Midstream service revenues.* Our midstream service revenues increased by \$0.5 million, or 22%, for the three months ended March 31, 2019, as compared to the same period in 2018. These revenues fluctuate and will vary due to oil throughput fees and the level of services provided to third parties.

*Sales of purchased oil.* These revenues are a function of the volumes and prices of purchased oil sold to customers and are offset by the costs of purchased oil. Sales of purchased oil decreased by \$27.2 million, or 45%, for the three months ended March 31, 2019 as compared to the same period in 2018 mainly due to a decrease in the volumes of purchased oil sold. We enter into purchase transactions with third parties and separate sale transactions. These transactions are presented on a gross basis as we act as the principal in the transaction by assuming control of the commodities purchased and the responsibility to deliver the commodities sold. Revenue is recognized when control transfers to the purchaser/customer at the delivery point

based on the price received. The transportation costs associated with these transactions are presented as a component of costs of purchased oil. See "—Costs and expenses - Costs of purchased oil."

### Costs and expenses

The following table presents information regarding costs and expenses and average costs and expenses per BOE sold:

(in thousands except for per BOE sold data)	Three months ended March 31,	
	2019	2018
<b>Costs and expenses:</b>		
Lease operating expenses	\$ 22,609	\$ 21,951
Production and ad valorem taxes	7,219	11,812
Transportation and marketing expenses	4,759	—
Midstream service expenses	1,603	693
Costs of purchased oil	32,691	60,664
<b>General and administrative:</b>		
Cash	14,113	15,386
Non-cash stock-based compensation, net	7,406	9,339
Depletion, depreciation and amortization	63,098	45,553
Other operating expenses	1,052	1,106
Total costs and expenses	\$ 154,550	\$ 166,504
<b>Average costs and expenses per BOE sold<sup>(1)</sup>:</b>		
Lease operating expenses	\$ 3.34	\$ 3.85
Production and ad valorem taxes	1.07	2.07
Transportation and marketing expenses	0.70	—
Midstream service expenses	0.24	0.12
<b>General and administrative:</b>		
Cash	2.08	2.70
Non-cash stock-based compensation, net	1.09	1.64
Depletion, depreciation and amortization	9.31	7.99
Total costs and expenses	\$ 17.83	\$ 18.37

(1) Average costs and expenses per BOE sold are based on actual amounts and are not calculated using the rounded numbers presented in the table above.

**Lease operating expenses.** Lease operating expenses, which include workover expenses, increased by \$0.7 million, or 3%, for the three months ended March 31, 2019 compared to the same period in 2018. On a per BOE sold basis, lease operating expenses decreased by 13% for the three months ended March 31, 2019 compared to the same period in 2018. We continue to focus on economic efficiencies associated with the usage and procurement of products and services related to lease operating expenses.

**Production and ad valorem taxes.** Production and ad valorem taxes decreased by \$4.6 million, or 39%, for the three months ended March 31, 2019 compared to the same period in 2018. The decrease is mainly due to a \$4.5 million production tax refund, related to additional marketing costs claimed for fiscal years 2013 through 2016, recorded during the three months ended March 31, 2019. Production taxes, which are established by federal, state or local taxing authorities, are based on and fluctuate in proportion to our oil, NGL and natural gas sales revenue. Ad valorem taxes are based on and fluctuate in proportion to the taxable value assessed by the various counties where our oil and natural gas properties are located.

**Transportation and marketing expenses.** Transportation and marketing expenses were \$4.8 million for the three months ended March 31, 2019. In July 2018, we began recognizing transportation and marketing expense incurred for the delivery of produced oil to the customer in the U.S. Gulf Coast market. We did not have any comparable transactions during the same period in 2018.

**Midstream service expenses.** Midstream service expenses increased by \$0.9 million, or 131%, for the three months ended March 31, 2019 compared to the same period in 2018. This increase is mainly due to an increase in water service costs during the three months ended March 31, 2019, which corresponds to a similar increase in water service revenue included in

midstream service revenues during the same period. Midstream service expenses are costs incurred to operate and maintain our (i) oil and natural gas gathering and transportation systems and related facilities, (ii) centralized oil storage tanks, (iii) natural gas lift, rig fuel and centralized compression infrastructure and (iv) water storage, recycling and transportation facilities.

*Costs of purchased oil.* Costs of purchased oil decreased by \$28.0 million, or 46%, for the three months ended March 31, 2019 compared to the same period in 2018 mainly due to a decrease in the volumes of purchased oil. These are costs incurred for obtaining oil from third parties and, in some cases, transporting such oil utilized in our marketing activities.

*General and administrative ("G&A").* Total G&A decreased by \$3.2 million, or 13%, for the three months ended March 31, 2019 compared to the same period in 2018 mainly due to decreases in stock-based compensation, net and professional fees. Stock-based compensation, net, decreased by \$1.9 million, or 21%, for the three months ended March 31, 2019 compared to the same period in 2018. See Note 6.c to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for information regarding our stock-based compensation.

*Depletion, depreciation and amortization ("DD&A").* The following table presents the components of our DD&A expense:

(in thousands)	Three months ended March 31,	
	2019	2018
Depletion of evaluated oil and natural gas properties	\$ 59,370	\$ 41,817
Depreciation of midstream service assets	2,501	2,405
Depreciation and amortization of other fixed assets	1,227	1,331
Total DD&A	\$ 63,098	\$ 45,553

DD&A increased by \$17.5 million, or 39%, for the three months ended March 31, 2019 compared to the same period in 2018. This increase is mainly due to (i) the previous reduction in our December 31, 2018 reserve volume, (ii) an increase in the depletion base and (iii) an increase in production volumes sold. Depletion per BOE increased 19% for the three months ended March 31, 2019 compared to the same period in 2018. For further discussion of our depletion per BOE see "—Pricing and reserves."

*Non-operating income (expense).* The following table presents the components of non-operating income (expense):

(in thousands)	Three months ended March 31,	
	2019	2018
Gain (loss) on derivatives, net	\$ (48,365)	\$ 9,010
Interest expense	(15,547)	(13,518)
Loss on disposal of assets, net	(939)	(2,617)
Other income, net	867	453
Non-operating expense, net	\$ (63,984)	\$ (6,672)

*Gain (loss) on derivatives, net.* The following table presents the changes in the components of gain (loss) on derivatives, net:

(in thousands)	Three months ended March 31, 2019 compared to 2018
Decrease in fair value of derivatives outstanding	\$ (59,713)
Change in settlements received (paid) for matured derivatives, net	2,338
Total change in gain (loss) on derivatives, net	\$ (57,375)

The decrease in fair value of derivatives outstanding is the result of new and expiring contracts and the changing relationship between our outstanding contract prices and the future market prices in the forward curves, which we use to calculate the fair value of our derivatives. In general, if no new contracts are entered into, we experience gains during periods of decreasing market prices and losses during periods of increasing market prices. Settlements received or paid for matured derivatives are based on the settlement prices of our matured derivatives compared to the prices specified in the derivative contracts. See Notes 7 and 8.a to our unaudited consolidated financial statements included elsewhere in this Quarterly Report and "Item 3. Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding our derivatives.

*Interest expense.* Interest expense increased by \$2.0 million, or 15%, for the three months ended March 31, 2019 compared to the same period in 2018 mainly due to an increase in the amount outstanding on our Senior Secured Credit Facility.

*Loss on disposal of assets, net.* Loss on disposal of assets, net decreased by \$1.7 million for the three months ended March 31, 2019 compared to the same period in 2018. From time to time, we dispose of inventory, midstream service assets

and other fixed assets. The associated gain or loss recorded during the period fluctuates depending upon the volume of the assets disposed, their associated net book value and, in the case of a disposal by sale, the sale price.

*Income tax.* Income tax benefit for the three months ended March 31, 2019 was \$0.1 million. We are subject to federal and state income taxes and the Texas franchise tax. As of March 31, 2019, we determined it was more likely than not that our deferred tax assets were not realizable through future net income. We maintain a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized and, as of March 31, 2019, we have recorded a total valuation allowance of \$239.0 million against our federal and Oklahoma deferred tax assets. As such, the effective tax rates for our operations were 1% and 0% for the three months ended March 31, 2019 and 2018, respectively. For further discussion of our valuation allowance, see Note 14 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report.

## **Liquidity and capital resources**

Historically, our primary sources of liquidity have been cash flows from operations, proceeds from equity offerings, proceeds from senior unsecured note offerings, borrowings under our Senior Secured Credit Facility and proceeds from the Medallion Sale and other asset dispositions. We believe cash flows from operations and availability under our Senior Secured Credit Facility provide sufficient liquidity to manage our cash needs and contractual obligations and to fund our expected capital expenditures. Our primary operational uses of capital have been for the acquisition, exploration and development of oil and natural gas properties, infrastructure development and investments in Medallion until its sale on October 30, 2017.

A significant portion of our capital expenditures can be adjusted and managed by us. We continually monitor the capital markets and our capital structure and consider which financing alternatives, including equity and debt capital resources, joint ventures and asset sales, are available to meet our future planned or accelerated capital expenditures. We may make changes to our capital structure from time to time, with the goal of maintaining financial flexibility, preserving or improving liquidity and/or achieving cost efficiency. Such financing alternatives, including capital market transactions and debt and equity repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. For further discussion of our financing activities included elsewhere in this Quarterly Report, see: (i) Note 5 for our debt instruments and (ii) Note 6.a and "Part II. Item 2. Purchases of Equity Securities" below for our \$200.0 million share repurchase program authorized by our board of directors and commenced in February 2018. We also continuously look for other opportunities to maximize shareholder value.

Due to the inherent volatility in oil, NGL and natural gas prices, commodity transportation costs and differences in the prices of oil, NGL and natural gas between where we produce and where we sell such commodities, we engage in derivative transactions, such as puts, swaps, collars and basis swaps to hedge price risk associated with a portion of our anticipated production. By removing a portion of the price volatility associated with future production, we expect to mitigate, but not eliminate, the potential effects of variability in cash flows from operations. See "Part I. Item 3. Quantitative and Qualitative Disclosures About Market Risk" below.

See Note 17.c to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for discussion of our hedge restructuring, which occurred subsequent to March 31, 2019, and corresponding summary of open derivative positions as of March 31, 2019 for derivative terminations and trade activity through May 1, 2019.

See Note 7 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for a summary of open derivative positions as of March 31, 2019 for derivatives that were entered into through March 31, 2019.

We continually seek to maintain a financial profile that provides operational flexibility. As of March 31, 2019, we had cash and cash equivalents of \$44.5 million and available capacity under the Senior Secured Credit Facility of \$915.3 million, resulting in total liquidity of \$959.8 million. As of April 30, 2019, we had cash and cash equivalents of \$85.0 million and available capacity under the Senior Secured Credit Facility of \$815.3 million, resulting in total liquidity of \$900.3 million. We believe that our operating cash flow, the receipt of the litigation settlement proceeds and the aforementioned liquidity sources provide us with the financial resources to manage our business needs, to implement our planned capital expenditure budget and, at our discretion, to fund our share repurchase program, pay down debt or increase our planned capital expenditure budget. We expect 2019 to be a transitional year as we tailor our operational cadence and corporate cost structure, including G&A expense, to balance capital expenditures and cash flow from operations. We have aligned personnel costs with activity levels with a recent reduction in force. We have restructured our oil hedges, securing additional cash flow to increase activity and substantially accelerating the time frame in which we expect to generate free cash flow while growing oil production.



## Cash flows

The following table presents our cash flows:

(in thousands)	Three months ended March 31,	
	2019	2018
Net cash provided by operating activities	\$ 77,458	\$ 146,471
Net cash used in investing activities	(155,453)	(199,674)
Net cash provided by (used in) financing activities	77,388	(3,067)
Net decrease in cash and cash equivalents	\$ (607)	\$ (56,270)

### Cash flows from operating activities

Net cash provided by operating activities decreased by \$69.0 million, or 47%, for the three months ended March 31, 2019, compared to the same period in 2018, mainly due to decreased revenues along with a decrease of \$52.2 million from net working capital changes. The decrease in revenues is due to the decrease in average sales prices for oil, NGL and natural gas partially offset by increased sales volumes of all production streams. See "—Results of operations" for additional discussion of changes in our revenues.

Our operating cash flows are sensitive to a number of variables, the most significant of which are the volatility of oil, NGL and natural gas prices, mitigated to the extent of our derivatives' exposure, and sales volume levels. Regional and worldwide economic activity, weather, infrastructure, transportation capacity to reach markets, costs of operations, legislation and regulations and other variable factors significantly impact the prices of these commodities. These factors are not within our control and are difficult to predict. For additional information on risks related to our business, see "Part I. Item 1A. Risk Factors" in our 2018 Annual Report.

### Cash flows from investing activities

Net cash used in investing activities decreased by \$44.2 million, or 22%, for the three months ended March 31, 2019, compared to the same period in 2018, and is mainly attributable to a decrease in capital expenditures on oil and natural gas properties.

The following table presents the components of our cash flows from investing activities:

(in thousands)	Three months ended March 31,	
	2019	2018
Capital expenditures:		
Oil and natural gas properties	(152,729)	(195,025)
Midstream service assets	(2,262)	(3,362)
Other fixed assets	(505)	(3,963)
Proceeds from disposition of equity method investee, net of selling costs	—	1,655
Proceeds from dispositions of capital assets, net of selling costs	43	1,021
Net cash used in investing activities	\$ (155,453)	\$ (199,674)

### Capital expenditure budget

Our goal is to achieve cash flow neutrality, and therefore, our capital spending in 2019 will ultimately be influenced by commodity price changes, as well as any changes in service costs and drilling and completions efficiencies. Due to the increased cash flow secured from the successful execution of our WTI NYMEX hedge restructuring and litigation settlement proceeds received discussed herein, both of which occurred subsequent to March 31, 2019, during the second quarter of 2019, we adjusted our expected capital expenditures, excluding non-budgeted acquisitions, to \$465.0 million for calendar year 2019, an increase of \$100.0 million from the previously announced level. We do not have a specific acquisition budget since the timing and size of acquisitions cannot be accurately forecasted.

The amount, timing and allocation of capital expenditures are largely discretionary and within management's control. If oil, NGL and natural gas prices decline below our acceptable levels, or costs increase above our acceptable levels, we may choose to defer a portion of our budgeted capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. Subject to financing alternatives, we may also increase our capital expenditures significantly to take advantage of opportunities we consider to be attractive. We consistently monitor and may adjust our projected capital expenditures in response to success or lack of success in drilling activities, changes in prices, availability of financing and joint venture

opportunities, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs and supplies, changes in service costs, contractual obligations, internally generated cash flow and other factors both within and outside our control.

### **Cash flows from financing activities**

Net cash used in financing activities decreased by \$80.5 million for the three months ended March 31, 2019, compared to the same period in 2018, and is mainly attributable to first-quarter 2018 share repurchases under our share repurchase program that commenced in February 2018 and increased borrowings on our Senior Secured Credit Facility. During the year ended December 31, 2018, we repurchased 11,048,742 shares of common stock at a weighted-average price of \$8.78 per common share for a total of \$97.1 million under this program. All shares were retired upon repurchase. There were no share repurchases under this program during the three months ended March 31, 2019. As of March 31, 2019, we had authorization remaining to repurchase until its expiration in February 2020, \$102.9 million of common stock.

For further discussion of our financing activities included elsewhere in this Quarterly Report, see: (i) Note 5 for our debt instruments and (ii) Note 6.a and "Part II. Item 2. Purchases of Equity Securities" below for our \$200.0 million share repurchase program authorized by our board of directors and commenced in February 2018.

The following table presents the components of our cash flows from financing activities:

(in thousands)	Three months ended March 31,	
	2019	2018
Borrowings on Senior Secured Credit Facility	\$ 80,000	\$ 55,000
Share repurchases	—	(53,714)
Stock exchanged for tax withholding	(2,612)	(4,353)
Net cash provided by (used in) financing activities	\$ 77,388	\$ (3,067)

### **Debt**

As of March 31, 2019, we were a party only to our Senior Secured Credit Facility and the indentures governing our senior unsecured notes.

**Senior Secured Credit Facility.** The Senior Secured Credit Facility matures on April 19, 2023, provided that if either the January 2022 Notes or March 2023 Notes have not been refinanced on or prior to the date (as applicable, the "Early Maturity Date") that is 90 days before their respective stated maturity dates, the Senior Secured Credit Facility will mature on such Early Maturity Date. As of March 31, 2019, the Senior Secured Credit Facility had a maximum credit amount of \$2.0 billion, a borrowing base of \$1.3 billion and an aggregate elected commitment of \$1.2 billion, with \$270.0 million outstanding and was subject to an interest rate of 3.75%. The Senior Secured Credit Facility contains both financial and non-financial covenants, all of which we were in compliance with for all periods presented. Additionally, the Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the lesser of total capacity or \$80.0 million. As of March 31, 2019 and December 31, 2018, we had one letter of credit of \$14.7 million outstanding under the Senior Secured Credit Facility. For additional information, see Note 7.d in the 2018 Annual Report. See Note 17.a to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for discussion of the regular semi-annual borrowing base redetermination of the Senior Secured Credit Facility subsequent to March 31, 2019.

**Senior unsecured notes.** The following table presents principal amounts and applicable interest rates for our outstanding senior unsecured notes as of March 31, 2019:

(in millions, except for interest rates)	Principal	Interest rate
January 2022 Notes	\$ 450.0	5.625%
March 2023 Notes	350.0	6.250%
Total senior unsecured notes	\$ 800.0	

See Notes 5.a and 5.b to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for further discussion of the March 2023 Notes and January 2022 Notes, respectively.

## Obligations and commitments

As of March 31, 2019, our contractual obligations included our January 2022 Notes, March 2023 Notes, firm sale and transportation commitments, Senior Secured Credit Facility, asset retirement obligations, operating lease liabilities, derivative deferred premiums, a short-term drilling contract and a sand purchase and supply agreement. From December 31, 2018 to March 31, 2019, the material changes in our contractual obligations included (i) an increase of \$80.0 million in outstanding borrowings on our Senior Secured Credit Facility, (ii) a decrease of \$23.6 million on our interest obligations for our senior unsecured notes as semi-annual interest payments were made in January and March of 2019, (iii) a decrease of \$7.4 million for firm sale and transportation commitments due to our fulfillment of contractual commitments, (iv) a decrease of \$4.0 million in derivative deferred premiums due to premiums paid for derivatives and (v) a decrease of \$2.8 million for our in-basin sand purchase and supply agreement due to purchases made.

Due to the adoption of FASB ASC 842 during the three months ended March 31, 2019, we have recorded contracts previously recognized as off balance sheet operating leases, with a term greater than 12 months, as right-of-use assets and lease liabilities. As of March 31, 2019, we have recorded on our unaudited consolidated balance sheets included elsewhere in this Quarterly Report total operating lease liabilities of \$22.2 million, which includes our current drilling rig contract with an initial term greater than 12 months. The future commitment of \$2.2 million as of March 31, 2019 related to our drilling contract with a term less than 12 months is not recorded in the unaudited consolidated balance sheets included elsewhere in this Quarterly Report. This represents an increase of \$22.2 million in total operating lease liabilities and a decrease of \$14.3 million in unrecorded drilling contracts commitments from December 31, 2018 to March 31, 2019.

See Notes 3, 5, 7, 8, 10, 12 and 17.c to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our contractual obligations.

## Non-GAAP financial measure

The non-GAAP financial measure of Adjusted EBITDA, as defined by us, may not be comparable to similarly titled measures used by other companies. Therefore, this non-GAAP measure should be considered in conjunction with net income or loss and other performance measures prepared in accordance with GAAP, such as operating income or loss or cash flow from operating activities. Adjusted EBITDA should not be considered in isolation or as a substitute for GAAP measures, such as net income or loss, operating income or loss or any other GAAP measure of liquidity or financial performance.

Adjusted EBITDA is a non-GAAP financial measure that we define as net income or loss plus adjustments for income taxes, depletion, depreciation and amortization, non-cash stock-based compensation, net, accretion expense, mark-to-market on derivatives, premiums paid for derivatives, interest expense, gains or losses on disposal of assets and other non-recurring income and expenses. Adjusted EBITDA provides no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, working capital movement or tax position. Adjusted EBITDA does not represent funds available for discretionary use because those funds are required for debt service, capital expenditures, working capital, income taxes, franchise taxes and other commitments and obligations. However, our management believes Adjusted EBITDA is useful to an investor in evaluating our operating performance because this measure:

- is widely used by investors in the oil and natural gas industry to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods, the book value of assets, capital structure and the method by which assets were acquired, among other factors;
- helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating structure; and
- is used by our management for various purposes, including as a measure of operating performance, in presentations to our board of directors and as a basis for strategic planning and forecasting.

There are significant limitations to the use of Adjusted EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss, the lack of comparability of results of operations to different companies and the different methods of calculating Adjusted EBITDA reported by different companies. Our measurements of Adjusted EBITDA for financial reporting as compared to compliance under our debt agreements differ.

The following table presents a reconciliation of net income (loss) (GAAP) to Adjusted EBITDA (non-GAAP):

(in thousands)	Three months ended March 31,	
	2019	2018
Net income (loss)	\$ (9,491)	\$ 86,520
Plus:		
Deferred income tax benefit	(96)	—
Depletion, depreciation and amortization	63,098	45,553
Non-cash stock-based compensation, net	7,406	9,339
Accretion expense	1,052	1,106
Mark-to-market on derivatives:		
(Gain) loss on derivatives, net	48,365	(9,010)
Settlements received (paid) for matured derivatives, net	102	(2,236)
Premiums paid for derivatives	(4,016)	(4,024)
Interest expense	15,547	13,518
Loss on disposal of assets, net	939	2,617
Adjusted EBITDA	\$ 122,906	\$ 143,383

### Critical accounting policies and estimates

The discussion and analysis of our financial condition and results of operations are based upon our unaudited consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our unaudited consolidated financial statements.

There have been no material changes in our critical accounting policies and procedures during the three months ended March 31, 2019. See our critical accounting policies in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2018 Annual Report. Furthermore, see Notes 3 and 6.c to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for discussion of the impact of the adoption of ASC 842 and estimates pertaining to our 2019 performance unit awards, respectively.

### Recent issued or adopted accounting pronouncements

For discussion of recently issued or adopted accounting pronouncements, see Note 2 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report. See Note 3 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional discussion related to the adoption of ASC 842.

### Off-balance sheet arrangements

Currently, we do not have any off-balance sheet arrangements other than firm sale and transportation commitments and our sand purchase and supply agreement, which are described in "—Obligations and commitments." In addition, we have certain operating leases with a term less than or equal to 12 months that we have made an accounting policy election to not record on the unaudited consolidated balance sheets. See Notes 3 and 10 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional information on our leases and commitments and contingencies, respectively.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term "market risk," in our case, refers to the risk of loss arising from adverse changes in oil, NGL and natural gas prices and in interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of how we view and manage our ongoing market risk exposures. All of our market risk-sensitive derivative instruments were entered into for hedging purposes, rather than for speculative trading.

#### Commodity price exposure

Due to the inherent volatility in oil, NGL and natural gas prices, commodity transportation costs and differences in the prices of oil, NGL and natural gas between where we produce and where we sell such commodities, we engage in derivative transactions, such as puts, swaps, collars and basis swaps to hedge price risk associated with a portion of our anticipated production. By removing a portion of the price volatility associated with future production, we expect to mitigate, but not eliminate, the potential effects of variability in cash flows from operations.

During a significant portion of 2018, Midland market crude oil prices experienced an increased discount to WTI Cushing and WTI Houston prices. These discounts have narrowed in 2019, however they remain volatile. During a significant portion of 2018 and the first quarter of 2019, the West Texas WAHA market natural gas prices experienced an increased discount to Henry Hub NYMEX prices and continues to remain volatile. The discounts are primarily due to limited pipeline capacity constraining transportation of crude oil and natural gas out of the Permian Basin to major market hubs including, but not limited to, Cushing, Oklahoma and the United States Gulf Coast. These pipeline constraints may continue to affect Midland market crude oil prices and West Texas WAHA market natural gas prices until further transportation capacity becomes operational or until basin-wide crude oil and natural gas production decreases from its current levels. We will continue to pursue avenues to attempt to protect our oil and natural gas value from basin differentials by securing crude oil transportation capacity, which enables us to sell oil in multiple markets, and entering into basis-swap derivatives, which provides pricing protection.

The fair values of our open derivative contracts are largely determined by forward price curves of the relevant indices. As of March 31, 2019, a 10% change in the forward curves associated with our derivatives would have changed our unaudited consolidated balance sheet's net derivative position to the following amounts:

(in thousands)	10% Increase	10% Decrease
Net (liability) asset derivative position	\$ (46,647)	\$ 45,720

As of March 31, 2019 and December 31, 2018, the net derivative positions were a liability of \$1.0 million and an asset of \$43.5 million, respectively. See Notes 7, 8.a and 17.b to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional disclosures regarding our derivatives.

#### Interest rate risk

Our Senior Secured Credit Facility bears interest at a floating rate and our January 2022 Notes and March 2023 Notes bear interest at fixed rates. The maturity years, outstanding balances and interest rates on our long-term debt as of March 31, 2019 were as follows:

(in millions except for interest rates)	Maturity year	
	2022	2023 <sup>(1)</sup>
Senior Secured Credit Facility	\$ —	\$ 270.0
Floating interest rate	—%	3.750%
January 2022 Notes	\$ 450.0	\$ —
Fixed interest rate	5.625%	—%
March 2023 Notes	\$ —	\$ 350.0
Fixed interest rate	—%	6.250%

(1) The Senior Secured Credit Facility matures on April 19, 2023, provided that if either the January 2022 Notes or March 2023 Notes have not been refinanced on or prior to the applicable Early Maturity Date, the Senior Secured Credit Facility will mature on such Early Maturity Date.

#### Counterparty and customer credit risk

See Note 10 to our unaudited consolidated financial statements and "Part II, Item 1. Legal Proceedings" included elsewhere in this Quarterly Report and Note 13 in the 2018 Annual Report for additional disclosures regarding credit risk. See Notes 2.e and

5 in the 2018 Annual Report for additional information regarding our accounts receivable and revenue recognition, respectively. See Notes 7, 8.a and 17.b to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional disclosures regarding our derivatives.

## **Item 4. Controls and Procedures**

### **Evaluation of disclosure controls and procedures**

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of Laredo's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), was performed under the supervision and with the participation of Laredo's management, including our principal executive officer and principal financial officer. Based on that evaluation, these officers concluded that Laredo's disclosure controls and procedures were effective as of March 31, 2019. Our disclosure controls and other procedures are designed to provide reasonable assurance that the information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Laredo's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

### **Evaluation of changes in internal control over financial reporting**

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II

### Item 1. Legal Proceedings

From time to time, we are subject to various legal proceedings arising in the ordinary course of business, including proceedings for which we may not have insurance coverage. While many of these matters involve inherent uncertainty as of the date hereof, we do not currently believe that any such legal proceedings will have a material adverse effect on our business, financial position, results of operations or liquidity.

### Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks discussed in our 2018 Annual Report. There have been no material changes in our risk factors from those described in the 2018 Annual Report. The risks described in such reports are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.



**Item 2. Purchases of Equity Securities**

The following table summarized purchases of common stock by Laredo:

Period	Total number of shares purchased <sup>(1)</sup>	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced plans <sup>(2)</sup>	Maximum value that may yet be purchased under the program as of the respective period-end date <sup>(2)</sup>
January 1, 2019 - January 31, 2019	18,230	\$ 4.18	—	\$ 102,945,283
February 1, 2019 - February 28, 2019	681,136	\$ 3.83	—	\$ 102,945,283
March 1, 2019 - March 31, 2019	1,448	\$ 3.43	—	\$ 102,945,283
Total	700,814		—	

- (1) Included in these amounts are (i) 18,107 shares exchanged for the cost of exercise of stock options and (ii) 682,707 shares withheld by us to satisfy tax withholding obligations that arose upon the lapse of restrictions on restricted stock awards and the exercise of stock options.
- (2) In February 2018, our board of directors authorized a \$200 million share repurchase program commencing in February 2018. The repurchase program expires in February 2020. Share repurchases under the share repurchase program may be made through a variety of methods, which may include open market purchases, privately negotiated transactions and block trades. The timing and actual number of shares repurchased, if any, will depend upon several factors, including market conditions, business conditions, the trading price of our common stock and the nature of other investment opportunities available to us.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

## Item 6. Exhibits

Exhibit Number	Description
<a href="#">2.1</a>	<a href="#">Membership Interest Purchase and Sale Agreement, dated as of October 1, 2017, by and among Medallion Midland Acquisition, LLC, Medallion Gathering &amp; Processing, LLC, Laredo Midstream Services, LLC, and Medallion Midstream Holdings, LLC (incorporated by reference to Exhibit 2.1 of Laredo's Current Report on Form 8-K (File No. 001-35380) filed on October 30, 2017).</a>
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of Laredo Petroleum Holdings, Inc. (incorporated by reference to Exhibit 3.1 of Laredo's Current Report on Form 8-K (File No. 001-35380) filed on December 22, 2011).</a>
<a href="#">3.2</a>	<a href="#">Certificate of Ownership and Merger, dated as of December 30, 2013 (incorporated by reference to Exhibit 3.1 of Laredo's Current Report on Form 8-K (File No. 001-35380) filed on January 6, 2014).</a>
<a href="#">3.3</a>	<a href="#">Second Amended and Restated Bylaws of Laredo Petroleum, Inc. (incorporated by reference to Exhibit 3.3 of Laredo's Annual Report on Form 10-K (File No. 001-35380) filed on February 17, 2016).</a>
<a href="#">4.1</a>	<a href="#">Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Laredo's Registration Statement on Form 8-A12B/A (File No. 001-35380) filed on January 7, 2014).</a>
<a href="#">10.1*#</a>	<a href="#">Form of Officer Severance and Release Agreement, as of April 2019.</a>
<a href="#">10.2*</a>	<a href="#">Consulting Agreement, dated April 3, 2019, between Laredo Petroleum, Inc. and Schooley Ventures, LLC.</a>
<a href="#">10.3*#</a>	<a href="#">Offer Letter, dated April 17, 2019, between Laredo Petroleum, Inc. and Mr. Jason Pigott.</a>
<a href="#">10.4*#</a>	<a href="#">Form of Performance Share Unit Award Agreement.</a>
<a href="#">10.5*#</a>	<a href="#">Amended and Restated Form of Indemnification Agreement between Laredo Petroleum, Inc. and each of the officers and directors thereof.</a>
<a href="#">10.6*</a>	<a href="#">Schedule 1, amended and restated as of April 30, 2019, to the Third Amendment to Fifth Amended and Restated Credit Agreement, dated as of April 19, 2018, 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.</a>
<a href="#">31.1*</a>	<a href="#">Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.</a>
<a href="#">31.2*</a>	<a href="#">Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.</a>
<a href="#">32.1**</a>	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.SCH*	XBRL Schema Document.
101.CAL*	XBRL Calculation Linkbase Document.
101.DEF*	XBRL Definition Linkbase Document.
101.LAB*	XBRL Labels Linkbase Document.
101.PRE*	XBRL Presentation Linkbase Document.
XML	Extracted XBRL Instance Document.

\* Filed herewith.

\*\* Furnished herewith.

# Management contract or compensatory plan or arrangement.

**SIGNATURES**

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 thereunto duly authorized.

**LAREDO PETROLEUM, INC.**

Date: May 2, 2019

By: /s/ Randy A. Foutch

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Randy A. Foutch

*Chairman and Chief Executive Officer*

*(principal executive officer)*

Date: May 2, 2019

By: /s/ Michael T. Beyer

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Michael T. Beyer

*Senior Vice President and Chief Financial Officer*

*(principal financial officer & principal accounting officer)*

**SEVERANCE AND RELEASE AGREEMENT***(Officer Name)*

This is Severance and Release Agreement (the "Agreement") entered into by and between Laredo Petroleum, Inc. ("Laredo") and you, \_\_\_\_\_ and shall become effective on the eighth (8<sup>th</sup>) day following your execution and delivery of this Agreement if not earlier revoked by you (the "Effective Date").

As a result of a reduction-in-force, your employment has ended effective as of the Termination Date and in exchange for your execution and compliance with the terms of this Agreement, Laredo will provide you with the Severance Amount described below. As consideration for receiving the Severance Amount, you are agreeing to refrain from certain activities and release the claims described in this Agreement.

1. **Separation from Employment.** Your employment with Laredo terminated effective \_\_\_\_\_, 2019 (the "Termination Date").

2. **Consideration for Signing.** In exchange for your execution and delivery of this Agreement without revocation, Laredo will make the payments and contributions listed on **Schedule "A"** to this Agreement (the "Severance Amount"). In order to receive the Severance Amount you must (i) sign and return this Agreement to Laredo within forty-five (45) days from the date you receive the Agreement, and (ii) not revoke the Agreement within the seven (7) days immediately following your delivery of the executed Agreement to Laredo. You should not sign and Laredo will not accept your signed Agreement while you are still employed by Laredo. The Severance Amount (other than the portion attributable to COBRA premiums) will be paid as soon as administratively feasible but no sooner than 10 days following your unrevoked execution and delivery of this Agreement to Laredo, and no later than **June 21, 2019**. The Severance Amount will be subject to normal deductions, including applicable taxes and Social Security payments. Any non-cash portion of the Severance Amount will be reported to the taxing authorities in a manner recommended by Laredo's tax advisors. By signing this Agreement, you acknowledge that the Severance Amount is of value to you and is an unearned benefit to which you are not otherwise entitled.

3. **Additional Pay and Benefits.**

(a) You will receive the following payments on Laredo's next regular payday following the Termination Date, or such later date as permitted by law: (i) compensation for all hours worked through the Termination Date, (ii) 100% of any roll-over from a previous year and accrued, unused vacation hours on a pro-rata basis according to the number of months worked during the current year, and (iii) the "Additional Compensation and Benefits" listed on **Schedule "B"**. The Additional Compensation will be paid in a method and manner which is deemed administratively feasible and may include equal instalment payments on Laredo's regular paydays. You will receive the payments and benefits described in this subparagraph 3(a) even if you chose not to sign this Agreement or if you sign and revoke this Agreement according to its terms.

(b) By signing this Agreement, (i) you are agreeing that, other than pay for hours worked since your last pay period and any accrued but unused vacation that you may be entitled under Laredo's policies, you have been paid all compensation due to you as a result of your employment, and (ii) you acknowledge that you will not receive any benefits or payments from Laredo other than the payments described in this Paragraph 3 and the payments described in Paragraph 2 above. By signing this Agreement, you do not release or discharge any right to any vested, deferred benefit in any qualified employee benefit plan which provides for retirement, pension, savings, thrift and/or employee stock ownership or any benefit due you as a participant in any employee health and welfare plan, as such terms are used under ERISA, which is maintained by Laredo. If eligible, you will receive information permitting you to continue certain health benefits under COBRA.

**4. Waiver, Release of Claims and Covenant Not to Sue.** By signing this Agreement, you are agreeing that the Severance Amount is adequate consideration for the release of the claims described in this Agreement. You are further covenanting, agreeing, representing and warranting that you have not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim described herein or any portion thereof or interest therein and acknowledge that this Agreement shall be binding upon you and upon your heirs, administrators, representatives, executors, successors, and assigns, and shall inure to the benefit of each of the Released Parties (as defined below), and to their heirs, administrators, representatives, executors, successors, and assigns. You hereby agree to release Laredo and each of its past and present affiliated entities, parent companies, subsidiary companies, joint ventures, predecessors, successors, assigns and the shareholders, officers, directors, partners, agents, employees, insurers, heirs and attorneys of such entities or individuals ("Released Parties") from any and all known and unknown existing or potential claims, rights, liabilities, torts, damages, injuries, and causes of action which arise directly or indirectly from any acts, conduct, agreements or occurrences in connection with your termination from Laredo and/or other claims against Laredo arising prior to the date of this Agreement. By releasing claims, you are giving up your opportunity to file a lawsuit or seek a trial by jury with respect to claims you may have against Laredo and the Released Parties.

This release extends to but is not limited to claims you may have for breach of contract, wrongful discharge, constructive wrongful discharge, breach of the implied covenant of good faith and fair dealing, negligence, breach of fiduciary duty, intentional or negligent infliction of emotional distress, fraud, misrepresentation, defamation, violation of the right of privacy, loss of consortium, intentional or negligent interference with prospective economic advantage, intentional or negligent interference with contract, negligent retention, personal injury, any tort, injunctive relief, and attorneys' fees and any alleged violation of:

- Title VII of the Civil Rights Act of 1964, The Civil Rights Act of 1991, including any and all claims arising under state laws related to civil rights or discrimination, and The Civil Rights Act of 1866 and Sections 1981 through 1988 of Title 42 of the United States Code; all of which prohibit discrimination based upon race, color, national origin, religion, sex.
- The Employee Retirement Income Security Act of 1974 ("ERISA") which protects certain employee benefits (except that the parties agree that by signing this Agreement, you do not waive rights under any claim for benefits that was or may have been filed prior to your execution of this Agreement);

- The Immigration Reform and Control Act;
- The Americans with Disabilities Act of 1990 and The Rehabilitation Act of 1973, which prohibit discrimination against the disabled;
- The Workers Adjustment and Retraining Notification Act, which require advance notice to be given of certain workforce reductions;
- The Fair Credit Reporting Act, which controls the use of certain information obtained from third parties;
- The Occupational Safety and Health Act of 1970, 29 United States Code § 651 *et seq.*, which regulates workplace safety;
- The Family and Medical Leave Act, which requires that employers grant leaves of absence under certain circumstances;
- The Age Discrimination in Employment Act of 1967, as amended, which prohibits discrimination based upon age;
- Any claim under the regulations of the Office of Federal Contract Compliance Programs (41 Code of Federal Regulations § 60 *et seq.*);
- The Fair Labor Standards Act, 29 United States Code § 201 *et seq.*, which regulates wages and hours;
- The National Labor Relations Act, 29 United States Code § 151 *et seq.*, which protects the right of employees to organize and bargain collectively with their employer and to engage in other protected, concerted activity; and
- The Equal Pay Act, which prohibits pay discrimination based upon gender.
- To the extent California law may apply to this Agreement, you hereby expressly waive the provisions of Section 1542 of the California Civil Code, which states: “a general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

**You are also waiving and releasing:**

- any claim for wages or benefits not otherwise provided for in this Agreement;
- any claim for wrongful discharge for refusal to commit an act prohibited by law or public policy;
- any claim for intolerable working conditions or for any other reason; any claim pursuant to state or federal laws protecting against “retaliation” or “whistle-blowing”;
- any claim arising: (1) by reason of your employment with Laredo or the termination of your employment or the circumstances related to the termination; or (2) by reason of any other matter, cause, or thing whatsoever, from the first date of employment to the Termination Date of this Agreement;
- any claim arising under the labor codes of the state in which you work and reside;
- any claims for violation of the civil rights and fair employment laws of all states;
- any claims arising under the family and medical leave laws of the state in which you work or reside; and
- all claims that may lawfully be released.

Notwithstanding the foregoing, you and Laredo agree that this release does not apply to any claims you may have for workers' compensation benefits, unemployment insurance or as provided by state law as well as any other claims that cannot lawfully be released. This Agreement does not release or discharge any claim or rights which might arise out of Laredo's actions after the Termination Date or with respect to Laredo's obligations under this Agreement.

This release, however, does not waive any rights or claims that may arise after you sign this Agreement. You agree not to sue or join in any suit against Laredo for any claim relating to or arising out of your employment or your separation from employment with Laredo provided, however, that nothing will preclude you from (a) bringing a lawsuit or proceeding against the Laredo to enforce Laredo's obligations under this Agreement or to challenge the enforceability of the release under the Older Worker Benefit Protection Act, (b) filing a complaint with, providing information to or testifying or otherwise assisting in any investigation or proceeding brought by any state, federal or local regulatory or law enforcement agency or legislative body or (c) filing any claims that are not permitted to be waived or released under applicable law. However, you waive your right to receive any relief (legal or equitable) based on any charge, complaint or lawsuit against Laredo filed by you or anyone else on your behalf.

#### 5. Release of Claims Related to Age.

(a) **The ADEA.** The Age Discrimination in Employment Act of 1967 ("ADEA") is a federal statute prohibiting discrimination on the basis of age in connection with employment, benefits and benefit plans. Your signature on this Agreement is your acknowledgement that you understand you are waiving, releasing and forever giving up any claims under the ADEA as well as all other claims that you may have against the Released Parties at the time you sign this Agreement. More than one employee is eligible for benefits under this or a similar agreement. The positions and ages of those separating employment and being offered this arrangement are listed in **Schedule "C"**. The positions and ages of those not being terminated or reassigned and not offered these benefits are also listed in **Schedule "C"**.

(b) **Opportunity to Consider Agreement and Consult Counsel.** You are advised to consult with an attorney prior to signing this Agreement. By signing this agreement you hereby acknowledge, understand and affirm that:

- This Agreement is a binding legal document;
- You are voluntarily signing and entering into this Agreement without reservation after having given the matter full and careful consideration;
- You have been provided with information relating to the job positions and ages of employees selected as well as the job positions and ages of those employees who will remain employed and will not receive severance payments. The information is attached to this Agreement as **Schedule "C"**.
- You have considered the advice of your advisors in reaching the decision to execute this Agreement;
- You have been advised to consult with an attorney before signing this Agreement.
- You have been provided forty-five (45) days during which you may consider whether to sign this Agreement. If you elect to sign this Agreement before the end of the forty-

five (45) day review period, you do so knowingly, willingly and on the advice of counsel, with full understanding that you are waiving a statutory right to consider this Agreement for the entire forty-five (45) days; and

- You warrant that after careful review and study of this Agreement, you understand that the terms set forth herein are those actually agreed upon.

(c) **Revocation Period.** You acknowledge and understand that you have seven (7) days from your execution and delivery of this Agreement to Laredo (which shall not occur prior to the Termination Date) in which to revoke or rescind this Agreement by delivering a signed and dated notice of revocation to the Laredo. After the expiration of such seven (7) day period, this Agreement will become effective and enforceable.

## 6. Confidential Information and Statements Concerning Released Parties.

(a) You shall keep confidential the existence of this Agreement, its terms, contents, conditions, proceedings and negotiations, and you will make no statements (public or private) or representations relating to the Agreement, except to your attorney or tax advisor, your spouse, or as may otherwise be allowed or required by law. You further acknowledge your continuing obligation to maintain confidentiality of Released Parties' confidential and proprietary information and you shall not use for your personal benefit, or disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm, association or company other than the Released Parties any confidential information regarding the employees, business methods, business strategies and plans, policies, procedures, techniques, research or development projects or results, trade secrets, or other knowledge or processes of or developed by the Released Parties, or any other confidential information relating to or dealing with the business operations, employees or activities of Released Parties, made known to you or learned or acquired by you while employed by Laredo. Nothing in this Agreement shall be construed to prevent disclosure of confidential information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. You agree to promptly provide written notice of any such order to a Laredo officer. Notwithstanding any other provision of this Agreement you will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(b) You hereby agree to refrain from making any statement about Laredo and/or the Released Parties that could harm or cause such entities or individuals to be portrayed in a false light or be interpreted as detrimental or harmful to their interests.

(c) By signing this Agreement you are affirming that you understand and agree that this Paragraph 6 and all its subparts is a separate agreement, the breach of which will constitute a material breach of this Agreement. If you breach any of the terms of this paragraph, Laredo shall have the right to recover all costs and expenses, including reasonable attorney's fees incurred in enforcing its terms and/or recovering damages as a result of any breach.



(d) You further represent to Laredo that you have not engaged in the prohibited activity described above up to and including the date you execute this Agreement.

7. **Cooperation.** To the extent reasonably requested by Laredo you agree to cooperate in connection with matters arising out of your employment with Laredo; provided that, Laredo shall make reasonable efforts to minimize disruption of your other activities. Laredo agrees to reimburse you for reasonable preapproved expenses incurred in connection with such cooperation and, to the extent that Laredo requests that you spend substantial time on such matters, Laredo shall compensate you at an hourly rate calculated using your base pay rate as of the Termination Date.

8. **Severability.** If any provision of this Agreement is held invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, the provision shall be deemed modified to the extent necessary to render it valid or inapplicable to given circumstances, as the situation may require, and this Agreement shall be construed and enforced as if such provision had been included herein as so modified in scope or application or had not been included herein, as the case may be.

9. **No Admission of Liability.** Both you and Laredo agree that the payment of the amounts set forth in this Agreement do not constitute an admission of liability or violation of any applicable law, contract provision or any rule or regulation.

10. **Employment Inquiries.** Laredo's or the Released Parties' refusal or failure to respond to future inquiries concerning your employment with Laredo shall not be the basis of any claim by you against Laredo or the Released Parties.

11. **Entire Agreement.** You agree that this Agreement is the only and the complete agreement between you and Laredo concerning your termination of employment, and that Laredo has made no other representations or promises concerning your employment and/or your termination of employment. Further, to the extent any prior statements or representations were made concerning your employment and/or your termination of employment, they are hereby integrated into this Agreement and any contrary statements are superseded by this Agreement. Provided, any prior policies or agreements concerning the confidentiality of certain or all of Laredo's information shall remain in full force and effect for all time, and any reference in this Agreement to confidential information is intended to supplement and not to supersede any prior policy or agreement.

12. **Waiver.** No waiver by either party with respect to any breach or default or of any right or remedy and no course of dealing, shall be deemed to constitute a continuing waiver or any other breach or default or of any other right or remedy, unless such waiver is expressed in writing signed by the party to be bound. Furthermore, the failure of a party to exercise any right shall not be deemed a waiver of such future right or rights.

13. **Remedies.** Laredo shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that it may have for a breach of this Agreement.

14. **Interpretation under State Law.** This Agreement shall be construed under the laws of the State of Oklahoma and shall in all respects be interpreted, enforced, and governed under the law of said State without reference to the conflicts of laws provisions. Any litigation concerning this Agreement or the facts or matters described herein shall be brought only in a court of competent jurisdiction in Tulsa County, Tulsa, Oklahoma, and the parties hereby waive personal jurisdiction and any objections to venue.

**YOU HEREBY STATE THAT YOU HAVE CAREFULLY READ THIS DOCUMENT AND KNOW AND UNDERSTAND THE CONTENTS HEREOF AND THAT YOU ARE SIGNING THIS AGREEMENT AS YOUR OWN FREE ACT AND DEED. UNLESS OTHERWISE REVOKED AS PROVIDED HEREIN, THE PROVISIONS OF THIS AGREEMENT SHALL BE EFFECTIVE ON THE EIGHTH (8<sup>TH</sup>) DAY FOLLOWING THE DATE ON WHICH YOU DELIVER THIS SIGNED AGREEMENT TO LAREDO.**

**Laredo Petroleum, Inc.**

By:

Print Name:

Title:

Date:

**[Name]**

Signature:

Print Name:

Date:

**SCHEDULE "A"**  
(Agreement, Paragraph 2)

**SEVERANCE AMOUNT**

Payment of the Severance Pay, Additional Severance Payment and Supplemental COBRA Premium Contributions are subject to the unrevoked execution of the Severance and Release Agreement.

<b>Severance Pay</b>	An amount equal to 70 weeks of pay. ((Annual Base Salary ÷ 52) x 70)	\$
<b>Additional Severance Payment</b>	An amount derived from estimated current values of forfeited restricted stock, performance shares and incentives payments. As of the Termination Date all such benefits are forfeited under applicable plans and programs. Nothing contained in this Agreement (or related correspondence) shall be interpreted to amend such plans or programs and shall not create additional rights under such plans or programs.	\$
<b>TOTAL CASH PAYMENT</b> (Severance Pay and Additional Severance Payment)	To be paid in a lump sum and subject to withholding as required by law.	\$
<b>Supplemental COBRA Premium Contributions</b>	Subject to COBRA Eligibility and Election: <b>16 months of Employer contributions beyond June 30, 2019.</b>	The value of Laredo's premium contribution is dependent upon your coverage election.

**SCHEDULE "B"**

**ADDITIONAL COMPENSATION AND BENEFITS**

Execution of the Severance and Release Agreement is not required in order for you to receive the Additional Compensation and Initial COBRA Premium Contributions

<b>Additional Compensation</b>	<b>8</b> weeks of pay at employee's base salary. ((Annual Base Salary ÷ 52) x 8)	\$
<b>Initial COBRA Premium Contributions</b>	Employer contributions through <b>June 30, 2019.</b>	The value of Laredo's premium contribution is dependent upon your coverage election.

**LAREDO PETROLEUM, INC.**  
**CONSULTING AGREEMENT**

This Agreement is made as of April 3, 2019 (the "Effective Date"), between Laredo Petroleum, Inc., a Delaware corporation with its principal offices at 15 W. Sixth St., Suite 900, Tulsa, Oklahoma 74119 ("Laredo"), and Schooley Ventures, LLC, an Oklahoma limited liability company with its principal offices at \_\_\_\_\_ ("Consultant").

WHEREAS, Laredo is engaged in the business of the exploration and production of oil and natural gas;

WHEREAS, Laredo desires to engage Consultant to provide certain consulting services related to marketing production from its assets in order to enhance the business of Laredo; and

WHEREAS, Consultant has prior experience in providing midstream and marketing services,

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. **Services and Supplies.**

- a. **Services.** Consultant agrees to provide services more particularly described on Exhibit A (the "Services") with the understanding that Laredo may request modifications to specific items included in the Services from time to time (provided that the overall scope and type of services to be undertaken shall not be generally altered by any such modification, without the express written agreement of Consultant).
- b. **Supplies and Materials.** Unless otherwise set forth in Exhibit "A," Consultant shall furnish at Consultant's own expense, the equipment, supplies and other materials used to perform the Services. Consultant is authorized to incur expenses in performing Services under this Agreement, provided such expenses are pre-approved by an Authorized Representative.
- c. **Compliance with Policies.** To the extent Consultant performs Services on Laredo premises or using Laredo equipment, Consultant shall comply with all applicable policies of Laredo relating to business and office conduct, health and safety and use of Laredo's facilities, supplies, information technology, equipment, networks and other resources.

2. **Term and Termination.**

- a. **Term.** This Agreement shall commence on April 3, 2019 and continue in full force and effect for two calendar months ending on May 31, 2019 unless earlier terminated by either Consultant or Laredo as set forth below ("Term"). Two weeks prior to the end of the Term, Laredo shall notify Consultant whether it elects to seek an extension of the Term, and the Term shall be extended as mutually agreed upon by the Parties in an Amendment to this Agreement.
- b. **Termination by Consultant.** Consultant may terminate this Agreement upon two weeks' prior written notice to Laredo, provided that in connection with any such termination by Consultant, Consultant will use reasonable efforts to bring to a conclusion within such two-week period any pending specific projects within the scope of the Services, so that responsibilities for any

pending projects or work may be seamlessly transitioned within Laredo to other Laredo personnel.

- c. **Termination by Laredo.** Laredo may terminate this Agreement at any time with or without reason, by providing two weeks' prior written notice to Consultant specifying the date on which the termination shall be effective which shall not be less than 2 weeks from the date of such prior written notice. Consultant shall be entitled to payment for services performed and reimbursement of expenses incurred in accordance with Section 3 below, prior to the date of termination.
- d. **Return of Laredo Property.** On termination of this Agreement, or at any time Laredo so requests, Consultant will deliver immediately to Laredo all Equipment and Software (as hereinafter defined) and property belonging to Laredo and all material containing or constituting Confidential Information (as hereinafter defined), including any copies in Consultant's possession or control, whether prepared by Consultant or by others.
- e. **Delivery of Information upon Request and Termination.** Upon execution or termination of this Agreement for any reason, or at any other time upon Laredo's written request, Consultant shall immediately: (i) deliver to Laredo all Creations, work product (whether complete or incomplete) and all hardware, software, tools, equipment or other materials provide for Consultants' use by Laredo; (ii) deliver to Laredo all tangible documents and materials (and any copies) containing, reflecting, incorporating or based on Confidential Information; (iii) permanently delete all of the Confidential Information from Consultant's computer systems; and (iv) certify in writing to Laredo that Consultant has complied with the foregoing requirements. The terms and conditions of Section 2(d) and 2(e) shall survive the expiration of this Agreement.

### 3. **Payment for Services and Expenses.**

- a. **Service Charges.** As full compensation for the Services to be provided by Consultant, Laredo agrees to pay Consultant \$3,400.00 per day, for up to four days per business week during the Term of this Agreement. Consultant will be available at the Laredo Tulsa office location from 9:30 a.m. to 5:30 p.m. (central time). If the Agreement is terminated pursuant to Section 2, Consultant shall only be entitled to payment for services performed prior to the effective date of termination.
- b. **Expenses.** Laredo is responsible for paying all actual and reasonable business related expenses arising directly as a result of the Consultant's performance of the Services. The Parties agree such expenses do not include housing, meals, regular living expenses and travel to and from the job site. Consultant will perform work in Laredo's Tulsa office, and Laredo will reimburse actual reasonable travel expenses for pre-approved business trips.
- c. **Invoicing.** Within two business days of the calendar week following a two-week period starting at the beginning of the Term, Consultant shall send to Laredo an invoice covering days worked, charges and expenses incurred pursuant to this Agreement for the previous two-week period. Invoices shall be submitted in duplicate in such form as set forth in Exhibit C and accompanied by such certification and documentation as Laredo may request, including, but not limited to the person's name, title, the dates worked and, related expenses for such person employed in performing the Services. Consultant must complete the paper work necessary to enroll in the automated clearing house payment system ("ACH") to receive payment from Laredo. Laredo will pay Consultant electronically via ACH and provide all payment details electronically.

Within 14 days of receipt of each invoice at said office, Laredo shall pay the undisputed amount of Consultant's invoice.

d. **Equipment and Software.** Laredo will provide Consultant the equipment and software described on Exhibit B ("Equipment and Software").

4. **Independent Contractor Relationship.** It is understood and agreed that Consultant shall perform the Services as an independent contractor. Consultant shall not be deemed to be an employee of Laredo. Consultant shall not be entitled to any benefits provided by Laredo to its employees, and Laredo will make no deductions from any of the payments due to Consultant hereunder for state or federal tax purposes. Consultant agrees that Consultant shall be personally responsible for any and all taxes and other payments due on payments received by it from Laredo hereunder. Laredo shall have no right to control and direct the details, manner or means by which Consultant provides the Services. Consultant agrees to pay any and all taxes due, whether under federal, state, local or any similar laws which may apply. Laredo shall issue to Consultant an IRS Form 1099, or the equivalent, as may be required from time to time by applicable laws and regulations.

5. **Liability Limits.** In no event shall either party, its affiliates, or any of its or their directors, officers, employees, or agents, be responsible or liable for any indirect, incidental, consequential, special, exemplary, punitive or other damages (including, but not limited to, loss of revenues or loss of profits) incurred, even if the party, its affiliates, or any of their directors, officers, employees, or agents has been advised of the possibility of such damages and notwithstanding any failure of essential purpose of any limited remedy of any kind, under any contract, negligence, strict liability or other theory, arising out of or relating in any way to this Agreement or its implementation. The total collective liability of either party, its affiliates, and any of its or their directors, officers, employees, and agents arising out of or relating in any way to this Agreement shall not exceed the total amounts paid by Laredo hereunder.

6. **Consultant Representations and Warranties.** Consultant represents, warrants and covenants to Laredo the following, which shall survive the termination of this Agreement:

- a. During Laredo's retention of Consultant, Consultant will not disclose to Laredo, or use, or induce Laredo to use, any confidential, proprietary or trade secret information of others, and during and after the termination of this Agreement, Consultant will not disclose to any person not a party to this Agreement any of Laredo's Confidential Information (as defined below), proprietary or trade secret information;
- b. no confidential, proprietary or trade secret information belonging to prior clients or other third parties, if any, has been or will be used in connection with rendering any of the Services hereunder; nor will any Confidential Information, proprietary and trade secret information belonging to Laredo be used after the termination of the Agreement;
- c. the performance of the terms of this Agreement will not breach any agreement to keep information or materials in confidence or in trust prior to being retained by Laredo;
- d. Consultant has not entered into, and agrees not to enter into, any oral or written agreement in conflict herewith;
- e. Consultant shall cause and/or otherwise cooperate with Laredo to cause Consultant's employees, agents and representatives to be bound by the terms hereunder;

- f. Consultant will comply at all times with all applicable laws and regulations of any jurisdiction in which Consultant acts;
  - g. Consultant will comply with all applicable Laredo policies and standards known to Consultant and shall carry out the Services in a manner consistent with the ethical and professional standards of Laredo which are known to Consultant;
  - h. Consultant will comply at all times with all security provisions in effect from time to time at Laredo's premises with respect to access to premises and all materials belonging to Laredo;
  - i. Consultant shall not use Laredo's name in any promotional materials or other communications with third parties without Laredo's prior written consent;
  - j. Consultant is legally authorized to engage in business in the United States and will provide Laredo satisfactory evidence of such authority upon request;
  - k. Consultant shall not assert any right, power or authority to create any obligation, express or implied, or to make representation on behalf of Laredo;
  - l. Consultant shall not hold himself or herself (or any entity related to or controlled by Consultant) out to the public as having any right, power or authority to create any obligation, express or implied, or to make representations on behalf of Laredo; and
  - m. Consultant warrants that the services provided to Laredo shall be performed in accordance with generally accepted standards and sound industry practice.
7. **Laredo Representations and Warranties.** Laredo represents, warrants and covenants to Laredo the following, which shall survive the termination of this Agreement:
- a. Laredo has the legal power and right to enter into and perform this Agreement;
  - b. This Agreement will not violate, nor be in conflict with any material agreement or instrument to which Laredo is a party;
  - c. Laredo has the right to disclose any Confidential Information with Consultant and may rightfully disclose, or make available, such information to Consultant without the violation of any contractual, fiduciary or other obligations to any third party.
8. **Agreement to Indemnify.** Each party shall indemnify and hold the other party and all of its present and future parents, officers, directors, shareholders, agents, owners, representatives, subsidiaries, employees, affiliates, successors and assigns harmless from and against any and all claims, demands, losses, damages, lawsuits, costs, expenses, fines, judgments and liabilities of whatsoever kind or nature, including attorneys' fees, whether now existing or which may arise hereafter, directly or indirectly as a result of (i) any violation of breach of the provisions of this Agreement; and (ii) any violation of any local, state or federal law or regulation. The party seeking indemnification will give written notice to the other party for any claim for which indemnification is required hereunder. The provisions of this Section shall survive the termination of this Agreement.
9. **Confidential Information; Corporate Opportunities; Third Party Information.**



- a. **Confidentiality.** In connection with this Agreement, Laredo will disclose to Consultant certain information that is confidential or proprietary, consisting of Equipment and Software, data, ideas, concepts and knowledge, including, without limitation, business plans, reports, documents, correspondence, maps, interpretations, records, logs, and technical, business or land data or information, and whether geological, geophysical, economic or financial in nature (such information referred to herein as “Confidential Information”). Consultant (x) shall hold all Confidential Information in confidence and will use such information only for the purposes of fulfilling the obligations hereunder and for no other purpose, and (y) shall not disclose, provide, disseminate or otherwise make available any Confidential Information to any third party, in either case without the express written permission of Laredo. The duties and obligations in Section 8 shall survive the termination of this Agreement.
  - b. **Scope.** The foregoing obligations shall not apply to (i) use or disclosure of any information pursuant to the proper execution and performance of the Services by Consultant’s under this Agreement; (ii) information that is or becomes publicly known through lawful means through no fault of Consultant; (iii) information that is known by Consultant prior to the time of disclosure and is not subject to restriction; (iv) information that is independently developed or learned by Consultant other than pursuant to this Agreement; (v) information that is lawfully obtained from a third party who has the right to make such disclosure without restriction; (vi) any disclosure required by applicable law, provided that Consultant shall use its best efforts to give advance notice to and cooperate with Laredo in connection with any efforts to prevent such disclosure; or (vii) information that is released to the public by Laredo in writing.
  - c. **Non-diversion of Corporate Opportunities.** Consultant acknowledges that Consultant owes a duty of loyalty to Laredo and its affiliates with respect to business opportunities of which Consultant becomes aware while performing services for Laredo. Consultant shall not directly or indirectly divert an opportunity of Laredo and its affiliates.
  - d. **Third Party Information.** Consultant recognizes that Laredo may receive from third parties their confidential or proprietary information subject to a duty on Laredo’s part to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant agrees that Consultant owes Laredo and such third parties, during the term of this Agreement and thereafter, a duty to hold all such confidential and proprietary information in the strictest confidence and not to disclose it to any person, firm, or corporation (except as necessary in carrying out Services contemplated in this Agreement in a manner consistent with Laredo’s agreement with such third party) or to use it for the benefit of anyone other than for Laredo or such third party (consistent with Laredo’s agreement with such third party) without the express written authorization of Laredo.
10. **Ownership.** All work performed and all materials developed or prepared for Laredo by Consultant (the “Creations”), are to be deemed Confidential Information, deemed “works for hire” and the property of Laredo, and all right, title and interest (throughout the United States and in all foreign countries) therein shall vest in Laredo. To the extent that title to any such works may not, by operation of law, vest in Laredo or such Creations may not be considered works made for hire, all right, title and interest therein are hereby irrevocably assigned to Laredo. All such Creations shall belong exclusively to Laredo, with Laredo having the right to obtain and to hold in its own name all copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Consultant agrees to give Laredo and any person designated by Laredo any reasonable assistance, at the cost and expense of Laredo, to perfect the rights defined in this Section 9.

11. **Publicity.** Neither party shall directly, or indirectly, issue, permit the issuance of any press release or other publicity, grant any interview, make any public statements or otherwise publicize any matter concerning this Agreement, the terms hereof, Consultant's services hereunder or Laredo without the prior written consent of the other party.
12. **Equitable Relief.** The parties recognize that the covenants contained in this Agreement are reasonable and necessary to protect the legitimate interests of each respective party, that neither party would have entered into this Agreement in the absence of such covenants, and that the violation or threatened violation of such covenants will cause irreparable harm and significant injury, the amount of which may be extremely difficult to estimate, thus, making any remedy at law or in damages inadequate. Therefore, the parties agree that each party shall have the right to apply to any court of competent jurisdiction for an order restraining any breach or threatened breach of this Agreement and for any other relief as the non-breaching party deems appropriate. This right shall be in addition to any other remedy available in law or equity.
13. **Potential of Future Relationship.** As provided in Section 4 above, the relationship of the Consultant to Laredo pursuant to this Agreement shall be one of an independent contractor. In the event the parties hereafter enter into discussions regarding the possibility of a different relationship, including but not limited to a traditional "employer - employee" relationship, no such discussions (or, in the event of a future engagement of Consultant as an employee of Laredo, no such engagement) will alter the relationship, actions, liabilities or responsibilities of the parties under this Agreement.
14. **Governing Law; Jurisdiction.** This Agreement will be governed by and construed in accordance with the laws of the State of Oklahoma without giving effect to its conflict of law rules. Consultant agrees that any controversy or claim arising out of or relating to this Agreement or the breach thereof, or any other dispute between Consultant and Laredo arising from or related to Consultant's engagement with Laredo (including, without limitation, contract claims, tort claims, as well as claims based on any federal, state, or local law, statute, or regulation), shall be submitted to a state or federal court sitting in Tulsa County, Oklahoma, for resolution. Each of the parties (a) consents to submit itself to the personal jurisdiction of any federal or state court sitting in Tulsa County, Oklahoma, in the event any dispute arises out of this Agreement, (b) agrees that it will not attempt to deny or defeat such person jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement in any court other than a federal or state court sitting in Tulsa County, Oklahoma. Each of the parties irrevocably waives any objection that it may have or hereafter have to the laying of venue of any such action or proceeding arising out of or based on this Agreement in any federal or state court sitting in Tulsa County, Oklahoma, and each hereby further irrevocably waives any claim that any such action or proceeding in any such court has been brought in an inconvenient forum.
15. **Severability; Headings.** If for any reason any paragraph, term or provision of this Agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed and enforced as if such provision had not been included herein and all other valid provisions herein shall remain in full force and effect. If for any reason the restrictions and covenants contained herein are held to cover a geographical area or be for a length of time which is unreasonable or unenforceable, or in any other way are construed to be too broad or to any extent invalid, then to the extent the same are or would be valid or enforceable under applicable law, any court of competent jurisdiction shall construe and interpret or reform this Agreement to provide for a covenant having the maximum enforceable area, time, or other provisions (not greater than those contained herein) as shall be valid and enforceable under such applicable law. The section headings in this Agreement are inserted only as a matter of

convenience and in no way define or limit the scope or extent of such section, or affect the construction of this Agreement.

16. **Assignment.** The parties shall not, without prior written consent of the non-assigning party, assign, sell, transfer, delegate or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement. Any purported assignment, transfer, or delegation shall be null and void.
17. **General.** This Agreement supersedes and replaces any existing agreement entered into by Consultant and Laredo relating generally to the same subject matter, and may be modified only in a writing signed by Laredo and Consultant. Failure to enforce any provision of this Agreement shall not constitute a waiver of any term hereof. This Agreement (including all exhibits hereto) contains the entire agreement between the parties with respect to the subject matter hereof.
18. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument.
19. **409A.** Payments under this Agreement are intended to be either exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (“Section 409A”) and this Agreement shall be administered and interpreted to that end. The interpretation of Section 409A and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. In no event whatsoever shall Laredo be liable for any tax, interest or penalties that may be imposed on the Consultant by Section 409A or any damages for failing to comply with Section 409A.

Signatures on following page

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

**Laredo Petroleum, Inc.**

By: /s/ Karen Chandler

Date: 4/3/19

Consultant: **Schooley Ventures, LLC**

By: /s/ Daniel C. Schooley

Date: 4/3/19





April 17, 2019

Mr. Jason Pigott

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Dear Jason:

I am very pleased to offer you the position of President for Laredo Petroleum, Inc. (the "Company") and also to serve as a director on the Company's Board of Directors with an initial term expiring at the Company's 2020 Annual Meeting of Stockholders. This letter will formalize our previous discussions and has an effective date of employment to be no later than June 3, 2019 or earlier based on notification from you.

If you accept this offer, you will be employed by the Company in that capacity or such other capacity as you may be assigned from time to time. Your position will include whatever duties are assigned to you by Randy Foutch, Chairman and Chief Executive Officer, and you will report directly to him. Your employment will be at will, with the terms of your employment being outlined below:

1. While you remain in this position, you will be paid an annual salary of \$720,000 in accordance with the Company's customary payroll practices. This salary may be adjusted from time to time at the Company's discretion.
2. You are eligible to participate in the Short-Term Incentive Plan; your target amount is 110% of your base salary. This is a discretionary plan and payouts are determined by both the Company's and your individual performance.
3. You will be eligible to participate in our Long-Term Incentive Program with a target of 485% of your base salary for 2019. This award will be comprised of 50% restricted stock and 50% in performance shares. The restricted shares have a three-year vesting schedule with 33% of the award vesting on the first day of the month following one year of employment, 33% following two years of employment, and the balance on the first day of the month following three years of employment. The performance shares will vest following the three-year performance period ending December 31, 2021. You will receive this award the first of the month after your hire date.

Both the Short-Term Incentive Plan and Long-Term Incentive Plan are reviewed and approved by the Compensation Committee of the Board of Directors and may change from year-to-year based on market conditions and/or Company performance.

4. You will receive a new hire restricted stock award equal to \$1,000,000. The restricted shares have a three-year vesting schedule similar to the schedule noted above under the Long-Term Incentive Plan design. This award will be made the first of the month following your hire date.
5. You will receive a grant of Outperformance Share Units which are measured on the basis of absolute stock price over a three-year performance period, with a threshold award of

200,000 shares and a maximum award of 1,000,000 shares. Stock price measurement will be the highest 50 consecutive trading day average during the three-year performance period. All earned units are subject to a holding period prior to conversion to LPI equity (unit value taxed when converted to shares of stock).

- 1/3 of units convert to LPI stock at the conclusion of a three-year performance period
  - 1/3 of units convert to LPI stock 12 months after the conclusion of the three-year performance period
  - 1/3 of units convert to LPI stock 24 months after the conclusion after the conclusion of the three-year performance period.
6. You will be paid a cash signing bonus of \$1,250,000 within 30 days of the start of your employment. If you leave the Company for any reason within your first year of employment, then the entire bonus must be refunded to the Company. If you leave the Company for any reason after your first year of employment but before the second anniversary of your start date, then you must refund half of the bonus to the Company.
  7. You are also eligible to receive relocation benefits in accordance with our Company policy, which is enclosed. As part of the relocation agreement, if your employment with the Company is terminated for any reason prior to your first anniversary with the Company, all relocation-related expenses that have been paid on your behalf must be refunded.
  8. In this position, you will be eligible to participate in the Laredo Change-in-Control Plan and the Laredo Senior Officer Severance Plan as approved by the Board of Directors.
  9. This letter does not constitute a guarantee of employment for any specific term or in any specific capacity, and your employment will be subject to such policies as the Company may adopt from time to time.

Subject to the terms of the specific benefit plans and Company policies, you will be eligible for all other regular employee benefits offered to Laredo employees, which include: (i) medical, dental, vision and life insurance benefits, (ii) flexible spending/dependent care assistance plan, (iii) short-term and long-term disability coverage, (iv) optional additional life insurance and Reliance Standard critical care and accident insurance, (v) 200 hours of paid vacation per year which will be pro-rated based on your hire date, such vacation to be taken upon the approval of your immediate supervisor, (vi) up to 10 paid holidays during each calendar year, and (vii) the Company 401(k) Plan. You should be aware that our health benefits generally become effective on the first day of the month following your effective employment date.

This offer is contingent upon you successfully completing a drug and alcohol test, a driving record check and a background check in accordance with the Company's normal employment policy. A member of the Human Resources Department will be in contact with you regarding arrangements.

Should you decide to accept our offer, please sign and return one copy of this letter to Laura Lundquist at the following address: 15 W. 6<sup>th</sup> Street, Suite 900, Tulsa OK, 74119. We have included an addressed and stamped envelope for you to use. The Company's discussions relative to your employment are deemed to be confidential and fully incorporated herein. Acceptance of offer must be made on or before two weeks from the date of this letter or it is withdrawn.

As you are aware, we place considerable emphasis on choosing the proper person for this position. We are excited about Laredo and its potential for growth and the possibility of your contribution to our success. We look forward to your response.

Yours truly,

/s/ Randy Foutch

Randy Foutch  
Chairman and Chief Executive Officer

attachments

I wish to accept the offer  X

I wish to decline the offer

/s/ Mikell Jason Pigott      4/19/2019

(Signature)      (Date)



**LAREDO PETROLEUM, INC.**  
**OMNIBUS EQUITY INCENTIVE PLAN**  
**Performance Share Unit Award Agreement**

This Performance Share Unit Award Agreement (“Agreement”) is made as of (the “Grant Date”) by and between Laredo Petroleum, Inc. (the “Company”) and (the “Participant”).

W I T N E S S E T H :

WHEREAS, the Participant is currently an employee of the Company or its Subsidiary, and the Company desires to have the Participant remain in such capacity and to afford the Participant the opportunity to participate in the potential increase in value of the Company over the Performance Period (as defined below).

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

1. Grant of Performance Share Units. Subject to the restrictions, terms and conditions set forth herein and in the Company’s Omnibus Equity Incentive Plan (the “Plan”), the Company hereby grants to the Participant performance share units (the “Performance Share Units”, or the “Award”). The provisions of the Plan are incorporated herein by reference, and all capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of any inconsistency between the provisions of the Plan and this Agreement, the provisions of this Agreement shall govern and control.

The Performance Share Units will be payable, if at all, either in cash, in Common Stock or a combination of cash and Common Stock, such type of payment to be determined in the sole discretion of the Administrator, based upon the achievement by the Company of the Performance Goals as described on Exhibit A, over a period commencing January 1, 2019 and ending on the earlier of (x) December 31, 2021 and (y) the date of the Participant’s termination of employment with the Company or any of its Subsidiaries (the “Performance Period”). For purposes of this Agreement, the “Maturity Date” shall mean (i) December 31, 2021 if the Participant remains employed with the Company or any of its Subsidiaries on such date or, if earlier, (ii) the date of the Participant’s termination of employment as set forth in Section 4(b) of this Agreement. Subject to Section 4 below, the Performance Share Units shall vest on February 28, 2022 (the “Vest Date”); provided, however that if the Maturity Date is on or prior to December 31, 2021, then such Maturity Date shall be considered the Vest Date.

The specific Performance Goals described on Exhibit A were established by the Administrator. Subject to the other terms and conditions of this Agreement and the Plan, payment of the Performance Share Units will only be made if the Administrator certifies, following the close of the Performance Period, that the pre-established threshold Performance Goals have been satisfied or exceeded in whole or in part on the Maturity Date and that the Participant is still

employed by the Company or any of its Subsidiaries on the Vest Date, and then only to the extent of the level of performance so certified as having been achieved.

2. Form and Time of Payment. The Award earned by reason of the Administrator's certification as described above will be payable to the Participant (or the Participant's beneficiary, or personal administrator in the case of your death or Disability) in (x) cash, (y) Common Stock or (z) a combination of cash and Common Stock, in all cases, at the Administrator's sole discretion, during the first calendar year that commences immediately following the Maturity Date and at any time after the Vest Date; provided, that, in all cases, such payment shall occur on or before March 15 of such subsequent calendar year (the "Payment Date"). The number of shares of Common Stock to be delivered, if applicable, on the Payment Date will be determined by multiplying the number of Performance Share Units set forth in paragraph 1 by the Performance Multiple (as defined below) and, as applicable, rounded to the nearest whole number (such resulting number, the "Award Amount"). If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal the aggregate Fair Market Value of the Award Amount on the Vest Date (or the most recent closing stock price if the Vest Date occurs on a day when public markets are closed) less any portion of the Award Amount paid in Common Stock.

3. Transferability. This Award shall not be transferable otherwise than by will or the laws of descent and distribution. Any attempt by the Participant (or in the case of the Participant's death or Disability, the Participant's beneficiary or personal administrator) to assign or transfer the Award, either voluntarily or involuntarily, contrary to the provisions hereof, shall be null and void and without effect and shall render the Award itself null and void.

4. Forfeiture Provisions. The following forfeiture provisions shall apply to the Performance Share Units:

(a) If the Participant's employment with the Company or any of its Subsidiaries is terminated prior to the Vest Date for any reason other than by reason of the Participant's death or Disability as provided under Section 4(b) below, then the Award shall be forfeited by the Participant and cancelled for no consideration.

(b) If the Participant's employment with the Company or any of its Subsidiaries is terminated (i) by reason of the Participant's death or (ii) because the Participant is determined by the Board or the Administrator to be subject to a Disability, then the Participant shall be eligible to receive a pro-rated Award, based on the number of calendar days that Participant was employed with the Company or any of its Subsidiaries during the period commencing on January 1, 2019 and ending on December 31, 2021 and as determined by the Administrator in its sole discretion. Any amount payable pursuant to this paragraph 4 shall be paid in accordance with Sections 1 and 2 of this Agreement.

5. Withholding. The Company shall be obligated to withhold amounts sufficient to satisfy any tax withholding or similar withholding obligations to which the Company or its

Subsidiaries may be subject by reason of payment under this Award. The Participant expressly acknowledges and agrees that the Participant's rights hereunder are subject to this obligation of the Company regarding any applicable taxes required to be withheld in connection with the Award, in a form and manner satisfactory to the Company.

6. No Right to Continued Employment. This Agreement does not confer upon the Participant any right to continuance of employment by the Company or any of its Subsidiaries, nor shall it interfere in any way with the right of the Company or any of its Subsidiaries to terminate the Participant's employment at any time.

7. Terms of Issuance. The Participant acknowledges being subject to all terms, conditions and policies contained in the Company's Employee Manual, as the same may be amended or modified from time-to-time at the sole discretion of the Company.

8. Notice. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated in a notice mailed or delivered to the other party as provided herein; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its Tulsa, Oklahoma, office and all notices or communications by the Company to the Participant may be given to the Participant personally or mailed to the Participant's home address as reflected on the books of the Company.

9. Administration. This Agreement and the issuance of Common Stock or payment of cash contemplated hereunder shall be administered by Board or a committee of one or more members of the Board appointed by the Board to administer this Agreement and such issuance (the "Administrator"). Subject to applicable law, the Administrator shall have the sole and plenary authority to: (i) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in this Agreement; (ii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Administrator shall deem appropriate for the proper administration of this Agreement; (iii) accelerate the lapse of restrictions on the Award and/or modify the Maturity Date; and (iv) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of this Agreement. The Administrator may delegate to one or more officers of the Company the authority to act on behalf of the Administrator with respect to any matter, right, obligation, or election that is the responsibility of or that is allocated to the Administrator herein, and that may be so delegated as a matter of law. For the avoidance of doubt, in the event of a Change of Control the provisions of the Plan shall apply, including, without limitation, the authority and discretion granted to the Administrator with regard to the vesting of Performance Share Units, payment amount and payment timing.

10. Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE. EACH

OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

11. Miscellaneous.

(a) Amendment and Waiver. Subject to Section 13(b) of the Plan, the Administrator may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Award granted hereunder or this Agreement; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of the Participant with respect to the Award granted hereunder shall not to that extent be effective without the consent of the Participant.

(b) Severability. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction by reason of applicable law shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting 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.

(c) Entire Agreement and Effectiveness. This Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(d) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

(e) Headings. The paragraph headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

(f) Gender and Plurals. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

(g) Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by and against the Participant, the Company and their respective successors, allowable assigns, heirs, representatives and estates, as the case may be.

(h) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(i) Survival of Representations, Warranties and Agreements. All representations, warranties and agreements contained herein shall survive the consummation of the transactions contemplated hereby and the termination of this Agreement.

(j) WAIVER OF PUNITIVE AND EXEMPLARY DAMAGE CLAIMS. EACH PARTY, BY EXECUTING THIS AGREEMENT, WAIVES, TO THE FULLEST EXTENT ALLOWED BY LAW, ANY CLAIMS TO RECOVER PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES NOT MEASURED BY THE PREVAILING PARTY'S ACTUAL DAMAGES IN ANY DISPUTE OR CONTROVERSY ARISING UNDER, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT.

(k) Delivery of Laredo Petroleum, Inc. Prospectus dated May 25, 2019. Participant acknowledges that Participant has been provided a copy of the Company's prospectus related to the Company's Omnibus Equity Incentive Plan through such prospectus' availability on the Company's shared network drive, at *S:\Omnibus Equity Incentive Plan Prospectus*. A copy will also be provided to Participant, upon Participant's written request to the Company.

12. Section 409A. Notwithstanding any of the foregoing, it is intended that this Agreement comply with, or be exempt from, the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to the Participant under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with such intent. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have terminated employment with Company or any of its Subsidiaries for purposes of this Agreement and no payments shall be due to him or her under this Agreement which are payable upon his or her termination of employment until he or she would be considered to have incurred a "separation from service" from the Company or any of its Subsidiaries within the meaning of Section 409A of the Code. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided to a "specified employee" pursuant to this Agreement during the six-month period immediately following the Participant's termination of employment shall instead be paid within 30 days following the first business day after the date that is six months following the Participant's termination of employment with the Company or any of its Subsidiaries (or upon the Participant's death, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Participant pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Notwithstanding any of the foregoing to the contrary, the Company and its respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with, or are exempt from, the provisions of Section 409A of the Code, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with, or be exempt from, the provisions of Section 409A of the Code.

13. Clawback. The Participant acknowledges and agrees that payments made under this Agreement are subject to clawback if such payments are made (i) on account of fraud or

misconduct by the Participant, (ii) following an accounting restatement under certain circumstances (as referenced in the Company's Omnibus Equity Incentive Plan) or (iii) as may be required by any other policy of the Company which may now exist or hereafter be adopted regarding repayment of incentive-based compensation, as may be in effect from time to time.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

COMPANY:

LAREDO PETROLEUM, INC.

/s/ Randy A. Foutch  
Chairman & CEO

PARTICIPANT:

\_\_\_\_\_

Printed Name:

## Exhibit A

### Performance Goals

The Performance Goals established by the Administrator are based on three criteria (i) relative three-year total shareholder return comparing the Company's shareholder return to the shareholder return of the peer group identified below ("RTSR Performance Percentage"), (ii) absolute three-year total shareholder return ("ATSR Appreciation") and (iii) three-year return on average capital employed ("ROACE Percentage"). The RTSR Performance Percentage, ATSR Appreciation and ROACE Percentage will be used to identify the RTSR Factor, the ATSR Factor and ROACE Factor, respectively, as stated below. The RTSR Factor, the ATSR Factor and the ROACE Factor shall be used to compute the Performance Multiple. The Performance Multiple shall be used to determine the final number of shares of Common Stock and/or amount of cash, as applicable, delivered with respect to each Performance Share Unit settled at the Maturity Date (with all partial shares of Common Stock rounded, as appropriate).

In computing the Performance Multiple, each of the RTSR Factor, the ATSR Factor and the ROACE Factor shall be weighted as follows:

RTSR Factor - 25%

ATSR Factor - 25%

ROACE Factor - 50%

such that the Performance Multiple is calculated as follows:

Performance Multiple = (.25) RTSR Factor + (.25) ATSR Factor + (.5) ROACE Factor

By way of example, if the RTSR Factor is 100%, the ATSR Factor is 65% and the ROACE Factor is 0%, then the Performance Multiple would be  $.25(1.0) + .25(.65) + .5(0) = 0.4125$ . With a Performance Multiple of 0.4125, each Performance Share Unit would be settled for 0.4125 shares such that a holder of 600 Performance Share Units would receive 248 shares of Common Stock, or, if applicable, the equivalent cash payment based on the Fair Market Value of the Common Stock.

Notwithstanding anything in this Exhibit A to the contrary, if in the Administrator's discretion there is a need to adjust the Performance Multiple to more accurately reflect the Company's performance than is calculated by using the criteria included on this Exhibit A due to the occurrence of extraordinary, nonrecurring and/or significant corporate events, then the Administrator may make any such adjustments to the Performance Multiple as it deems advisable.



**RTSR Factor is calculated on the basis of the following formula:**

*RTSR Performance Percentage =*

$$\frac{\text{End Average Stock Price plus Dividends*} - \text{Start Average Stock Price}}{\text{Start Average Stock Price}}$$

with the Start Average Stock Price being the average closing stock price for the 30 trading days immediately preceding the Grant Date and the End Average Stock Price being the average closing stock price for the 30 trading days immediately preceding the Maturity Date, as reported on the stock exchange on which such shares are listed.

RTSR Factor shall be calculated on the following basis:

<b>RTSR Performance Percentage Thresholds</b>	<b>RTSR Factor</b>
Below 30 <sup>th</sup> Percentile	0%
30 <sup>th</sup> Percentile	50%
60 <sup>th</sup> Percentile	100%
90 <sup>th</sup> Percentile	200%

The Committee will interpolate all points between the RTSR Performance Percentage Thresholds and adjust the RTSR Factor accordingly.



The Peer Group consists of the following companies:\*\*

Callon Petroleum Company  
Eclipse Resources Corp  
Matador Resources Company  
PDC Energy, Inc.  
SM Energy Company  
WPX Energy, Inc.

Carrizo Oil & Gas, Inc.  
Extraction Oil & Gas  
Oasis Petroleum  
QEP Resources, Inc.  
SRC Energy Inc.

Centennial Resource Development  
Jagged Peak Energy  
Parsley Energy, Inc.  
Range Resources Corp  
Whiting Petroleum Corp

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\* Dividends shall be assumed to be reinvested, as applicable

\*\* the Board, Committee or Administrator may, in its good faith, substitute or set a specific applicable price in the event of a liquidation, bankruptcy, dissolution, merger, acquisition or similar event affecting any peer company in accordance with then current policy.

**ATSR Factor is calculated on the basis of the following formula:**

$$\text{ATSR Appreciation} = \frac{\text{End Average Stock Price plus Dividends*} - \text{Start Average Stock Price}}{\text{Start Average Stock Price}}$$

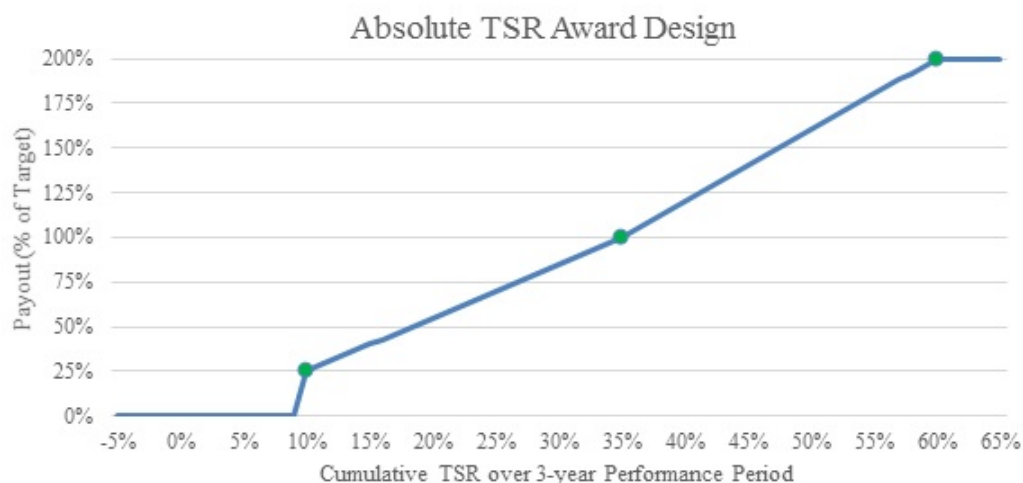
with the Start Average Stock Price being the average closing stock price for the 30 trading days immediately preceding the Grant Date and the End Average Stock Price being the average closing stock price for the 30 trading days immediately preceding the Maturity Date, as reported on the stock exchange on which such shares are listed.

ATSR Factor shall be calculated on the following basis:

ATSR Appreciation Thresholds	ATSR Factor
Below 10%	0%
10%	25%
35%	100%
60% and above	200%

The Committee will interpolate all points between the Share Appreciation Thresholds and adjust the ATSR Factor accordingly.

\* Dividends shall be assumed to be reinvested, as applicable



**ROACE Factor is calculated on the basis of the following formula:**

*ROACE Percentage = Average EBITDA divided by Average Company Capital*

*Average EBITDA = Total Adjusted EBITDA\* from January 1, 2019 through December 31, 2021\*\* divided by 3\*\*\**

*Average Company Capital = The total market value of outstanding capital stock plus the value of the net debt at December 31, 2018 plus the Time-Weighted Average Adjustments*

*Time-Weighted Average Adjustments = For the period between January 1, 2019 and December 31, 2021\*\*, the total value received by the Company for any equity issuances plus the total value of additional debt borrowings minus the total value of any debt reductions minus the total value of any equity repurchases; with each such addition or subtraction individually being multiplied by its respective Weighting Factor*

*Weighting Factor = for each individual transaction, a fraction, the numerator of which is the number of fiscal quarters remaining until the Maturity Date from the quarter in which such transaction occurs and the denominator of which is 12\*\*\*\**

ROACE Factor shall be calculated on the following basis:

ROACE Percentage Thresholds	ROACE Factor
10% and below	0%
20%	100%
30% and above	200%

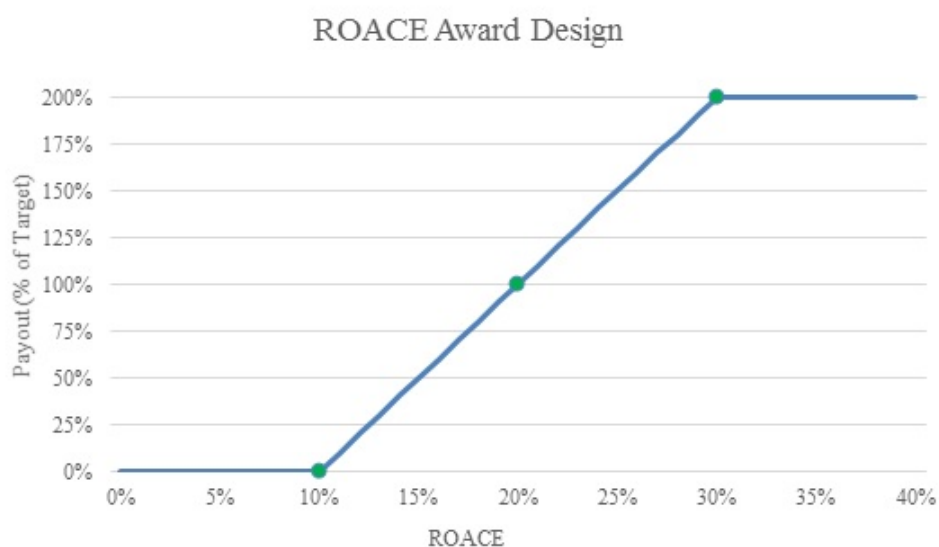
The Committee will interpolate all points between the ROACE Percentage Thresholds and adjust the ROACE Factor accordingly.

\* Total Adjusted EBITDA shall be defined as in the Company's 2018 Annual Report on Form 10-K filed on February 14, 2019

\*\* Unless the Maturity Date is prior to December 31, 2021, in which case the Maturity Date shall be used instead of December 31, 2021

\*\*\* Unless the Maturity Date is prior to December 31, 2021, in which case instead of 3, the calculation shall use the number that represents the number of years (rounded to the nearest 1/12<sup>th</sup>) between December 31, 2018 and the Maturity Date

\*\*\*\* Unless the Maturity Date is prior to December 31, 2021, in which case instead of 12, the calculation shall use the number that represents the number of fiscal quarters between December 31, 2018 and the Maturity Date



## INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this “**Agreement**”) is made and entered into as of the \_\_\_\_\_ day of 20\_\_\_\_, effective as of the day of \_\_\_\_\_, 20\_\_\_\_, by and between Laredo Petroleum, Inc., a Delaware corporation (the “**Company**”), and \_\_\_\_\_, an individual (“**Indemnitee**”).

### RECITALS

A. Competent and experienced persons are reluctant to serve or to continue to serve as directors and officers of corporations or in other capacities unless they are provided with adequate protection through insurance or indemnification (or both) against claims against them arising out of their service and activities on behalf of the corporation.

B. The current uncertainties relating to the availability and cost of adequate insurance have increased the difficulty for corporations of attracting and retaining competent and experienced persons to serve in such capacity.

C. The Board of Directors of the Company (the “**Board of Directors**”) has determined that the continuation of present trends in litigation will make it more difficult to attract and retain competent and experienced persons to serve as directors and officers of the Company, that this situation is detrimental to the best interests of the Company’s stockholders and that the Company should act to assure such persons that there will be increased certainty of adequate protection in the future.

D. As a supplement to and in the furtherance of the Company’s Amended and Restated Certificate of Incorporation (the “**Certificate**”) and Amended and Restated Bylaws (the “**Bylaws**”), it is reasonable, prudent, desirable and necessary for the Company contractually to obligate itself to indemnify, and to pay in advance expenses on behalf of, officers and directors to the fullest extent permitted by law so that they will serve or continue to serve the Company free from concern that they will not be so indemnified and that their expenses will not be so paid in advance;

E. This Agreement is not a substitute for, nor does it diminish or abrogate any rights of Indemnitee under, the Certificate and the Bylaws or any resolutions adopted pursuant thereto (including any contractual rights of Indemnitee that may exist).

F. Indemnitee is a director and/or officer of the Company and his or her willingness to continue to serve in such capacity is predicated, in substantial part, upon the Company’s willingness to indemnify him or her to the fullest extent permitted by the laws of the State of Delaware and upon the other undertakings set forth in this Agreement.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the premises and covenants contained herein, the Company and Indemnitee hereby agree as follows:

**ARTICLE 1**  
**CERTAIN DEFINITIONS**

Capitalized terms used but not otherwise defined in this Agreement have the meanings set forth below:

**“Corporate Status”** means the status of a person who is or was a director, officer, employee, partner, member, manager, trustee, fiduciary, regent, governor or agent of the Company or of any other Enterprise which such person is or was serving at the request of the Company. In addition to any service at the actual request of the Company, Indemnitee will be deemed, for purposes of this Agreement, to be serving or to have served at the request of the Company as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of another Enterprise if Indemnitee is or was serving as a director, officer, employee, partner, member, manager, fiduciary, trustee or agent of such Enterprise and (i) such Enterprise is or at the time of such service was a Controlled Affiliate, (ii) such Enterprise is or at the time of such service was an employee benefit plan (or related trust) sponsored or maintained by the Company or a Controlled Affiliate or (iii) the Company or a Controlled Affiliate directly or indirectly caused Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve in such capacity.

**“Controlled Affiliate”** means any corporation, limited liability company, partnership, joint venture, trust or other Enterprise, whether or not for profit, that is directly or indirectly controlled by the Company. For purposes of this definition, the term “control” means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of an Enterprise, whether through the ownership of voting securities, through other voting rights, by contract or otherwise; *provided, however*, that direct or indirect beneficial ownership of capital stock or other interests in an Enterprise entitling the holder to cast 30% or more of the total number of votes generally entitled to be cast in the election of directors (or persons performing comparable functions) of such Enterprise will be deemed to constitute “control” for purposes of this definition.

**“Disinterested Director”** means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

**“Enterprise”** means the Company and any other corporation, partnership, limited liability company, joint venture, employee benefit plan, trust or other entity or other enterprise of which Indemnitee is or was serving in a Corporate Status.

**“Expenses”** means all attorney’s fees, disbursements and retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, fax transmission charges, secretarial services, delivery service fees and all other disbursements or expenses paid or incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding, or in connection with seeking indemnification under this Agreement. Expenses will also include Expenses paid or incurred in connection with any

appeal resulting from any Proceeding, including the premium, security for and other costs relating to any appeal bond or its equivalent. Expenses, however, will not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

**“Independent Counsel”** means an attorney or firm of attorneys that is experienced in matters of Delaware corporation law and neither currently is, nor in the past five (5) years has been, retained to represent: (i) any Enterprise or Indemnitee in any matter material to any such party (other than with respect to matters concerning the Indemnitee under this Agreement and/or the indemnification provisions of the Certificate or Bylaws, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

**“Losses”** means any loss, liability, judgments, damages, amounts paid in settlement, fines (including excise taxes and penalties assessed with respect to employee benefit plans), penalties (whether civil, criminal or otherwise) and all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

**“Proceeding”** means any threatened, pending or completed action, suit, claim, demand, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, request for an interview or meeting or any other actual, threatened or completed proceeding, including any and all appeals, whether brought by or in the right of the Company or otherwise, whether civil, criminal, administrative or investigative, whether formal or informal, and in each case whether or not commenced prior to the date of this Agreement, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of or relating to Indemnitee’s Corporate Status and by reason of or relating to either (i) any action or alleged action taken by Indemnitee (or failure or alleged failure to act) or of any action or alleged action (or failure or alleged failure to act) on Indemnitee’s part, while acting in his or her Corporate Status or (ii) the fact that Indemnitee is or was serving at the request of the Company as director, officer, employee, partner, member, manager, trustee, fiduciary or agent of another Enterprise, in each case whether or not serving in such capacity at the time any Loss or Expense is paid or incurred for which indemnification or advancement of Expenses can be provided under this Agreement, except one initiated by Indemnitee to enforce his or her rights under this Agreement. For purposes of this definition, the term “threatened” will be deemed to include Indemnitee’s good faith belief that a claim or other assertion may lead to the institution of a Proceeding. Also for purposes of this definition, the term “proceeding” encompasses any situation or circumstance included in the definition of “claim” within any applicable insurance policy referenced in Section 7.1.

References to **“serving at the request of the Company”** include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to any employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an



employee benefit plan will be deemed to have acted in a manner “*not opposed to the best interests of the Company*” as referred to under applicable law or in this Agreement.

## ARTICLE 2 SERVICES TO THE COMPANY

**2.1 Services to the Company.** Indemnitee agrees to serve as a [director][officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company will have no obligation under this Agreement to continue Indemnitee in such position. This Agreement will not be construed as giving Indemnitee any right to be retained in such position or in the employ of the Company (or any other Enterprise) generally. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a [director][officer] of the Company.

## ARTICLE 3 INDEMNIFICATION

**3.1 Company Indemnification.** Except as otherwise provided in this Article 3, if Indemnitee was, is or becomes a party to, or was or is threatened to be made a party to, or was or is otherwise involved in, any Proceeding, the Company will indemnify and hold harmless Indemnitee to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, interpreted or replaced, against any and all Expenses and Losses, and any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, that are actually and reasonably paid or incurred by Indemnitee in connection with such Proceeding and in compliance with this Agreement. For purposes of this Agreement, the meaning of the phrase “*to the fullest extent permitted by law*” will include to the fullest extent permitted by Section 145 of the Delaware General Corporation Law (“*DGCL*”) or any amendments to or replacements of the DGCL that increase the extent to which a corporation may indemnify or provide advancement to its officers and directors.

**3.2 Mandatory Indemnification if Indemnitee is Wholly or Partly Successful.** Notwithstanding any other provision of this Agreement (other than Section 6.9 and Section 3.4), to the extent that Indemnitee has been successful, on the merits or otherwise, in defense of any Proceeding or any part thereof, the Company will indemnify Indemnitee against all Expenses that are actually and reasonably paid or incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding, but is successful, on the merits or otherwise, as to one or more but fewer than all claims, issues or matters in such Proceeding, the Company will indemnify and hold harmless Indemnitee against all Expenses that are actually and reasonably paid or incurred by Indemnitee in connection with each successfully resolved claim, issue or matter on which Indemnitee was successful. For purposes of this Section 3.2, the termination of any Proceeding, or any claim, issue or matter in such Proceeding, by dismissal with or without prejudice, will be deemed to be a successful result as to such Proceeding, claim, issue or matter.

**3.3 Indemnification for Expenses of a Witness.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, the Company will indemnify Indemnitee against all Expenses actually and reasonably paid or incurred by Indemnitee on his or her behalf in connection therewith.

**3.4 Exclusions.** Notwithstanding any other provision of this Agreement, the Company will not be obligated under this Agreement to provide indemnification in connection with the following:

(a) Any Proceeding (or part of any Proceeding) initiated or brought voluntarily by Indemnitee against the Company or its directors, officers, employees or other Indemnitees, unless the Board of Directors has authorized or consented to the initiation of the Proceeding (or such part of any Proceeding); *provided, however*, that nothing in this Section 3.4(a) shall limit the right of Indemnitee to be indemnified under Section 8.4. For the avoidance of doubt, Indemnitee shall not be deemed, for purposes of this subsection, to have initiated or brought any claim by reason of (i) having asserted any affirmative defenses in connection with a claim not initiated by Indemnitee or (ii) having made any counterclaim (whether permissive or mandatory) in connection with any claim not initiated by Indemnitee.

(b) For an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

(c) For amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such amounts under any insurance policy, contract, agreement or otherwise.

(d) For any indemnity that is prohibited by applicable law.

#### **ARTICLE 4 ADVANCEMENT OF EXPENSES**

**4.1 Expense Advances.** Except as set forth in Section 4.2, the Company will, if requested by Indemnitee, advance, to the fullest extent permitted by law, to Indemnitee (hereinafter an “**Expense Advance**”) any and all Expenses actually and reasonably paid or incurred by Indemnitee in connection with any Proceeding (whether prior to or after its final disposition). Indemnitee’s right to each Expense Advance will not be subject to the satisfaction of any standard of conduct and will be made without regard to Indemnitee’s ultimate entitlement to indemnification under the other provisions of this Agreement, or under provisions of the Certificate or Bylaws or otherwise. Each Expense Advance will be unsecured and interest free and will be made by the Company without regard to Indemnitee’s ability to repay the Expense Advance; *provided, however*, an Expense Advance will be made only upon delivery to the Company of an undertaking (hereinafter an “**Undertaking**”), by or on behalf of Indemnitee, to

repay such Expense Advance if it is ultimately determined, by final decision by a court or arbitrator, as applicable, from which there is no further right to appeal, that Indemnitee is not entitled to be indemnified for such Expenses under the Certificate, Bylaws, the DGCL, this Agreement or otherwise. An Expense eligible for an Expense Advance will include any and all reasonable Expenses incurred pursuing an action to enforce the right of advancement provided for in this Article 4, including Expenses incurred preparing and forwarding statements to the Company to support the Expense Advances claimed.

**4.2 Exclusions.** Indemnitee will not be entitled to any Expense Advance in connection with any of the matters for which indemnity is excluded pursuant to Section 3.4.

**4.3 Timing.** An Expense Advance pursuant to Section 4.1 will be made within 20 business days after the receipt by the Company of a written statement or statements from Indemnitee requesting such Expense Advance (which statement or statements will include, if requested by the Company, reasonable detail underlying the Expenses for which the Expense Advance is requested), whether such request is made prior to or after final disposition of such Proceeding. Such request must be accompanied by or preceded by the Undertaking, if then required by the DGCL or any other applicable law.

## **ARTICLE 5 CONTRIBUTION IN THE EVENT OF JOINT LIABILITY**

**5.1 Contribution by Company.** To the fullest extent permitted by law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount of Expenses and Losses actually and reasonably incurred or paid by Indemnitee in connection with any Proceeding in proportion to the relative benefits received by the Company and all officers, directors and employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such Proceeding arose; *provided, however*, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors and employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such Expenses and Losses, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors and employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, will be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary, and the degree to which their conduct was active or passive.

**5.2 Indemnification for Contribution Claims by Others.** To the fullest extent permitted by law, the Company will fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by other officers, directors or employees of the

Company who may be jointly liable with Indemnitee for any Loss or Expense arising from a Proceeding.

**ARTICLE 6**  
**PROCEDURES AND PRESUMPTIONS FOR THE**  
**DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION**

**6.1 Notification of Claims; Request for Indemnification.** Indemnitee agrees to notify promptly the Company in writing of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement; *provided, however*, that a delay in giving such notice will not deprive Indemnitee of any right to be indemnified under this Agreement unless, and then only to the extent that, the Company did not otherwise learn of the Proceeding and such delay is materially prejudicial to the Company's ability to defend such Proceeding; and, *provided, further*, that notice will be deemed to have been given without any action on the part of Indemnitee in the event the Company is a party to the same Proceeding. The omission to notify the Company will not relieve the Company from any liability for indemnification which it may have to Indemnitee otherwise than under this Agreement. Indemnitee agrees to deliver to the Company a written request to have the Company indemnify and hold harmless Indemnitee in accordance with this Agreement. Subject to Section 6.9, such request may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Following such a written request for indemnification, Indemnitee's entitlement to indemnification shall be determined according to Section 6.2. The Secretary of the Company will, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification. The Company will be entitled to participate in any Proceeding at its own expense.

**6.2 Determination of Right to Indemnification.** Upon written request by Indemnitee for indemnification pursuant to Section 6.1 hereof with respect to any Proceeding, a determination, if, but only if, required by applicable law, with respect to Indemnitee's entitlement thereto will be made by one of the following, at the election of the Board of Directors: (1) so long as there are Disinterested Directors with respect to such Proceeding, a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (2) so long as there are Disinterested Directors with respect to such Proceeding, a committee of such Disinterested Directors designated by a majority vote of such Disinterested Directors, even though less than a quorum of the Board of Directors or (3) Independent Counsel in a written opinion delivered to the Board of Directors, a copy of which will also be delivered to Indemnitee. The person, persons or entity chosen to make a determination under this Agreement of the Indemnitee's entitlement to indemnification will act reasonably and in good faith in making such determination.

**13.3 Selection of Independent Counsel.** If the determination of entitlement to indemnification pursuant to Section 6.2 will be made by an Independent Counsel, the Independent Counsel will be selected as provided in this Section 6.3. The Independent Counsel will be selected by the Board of Directors. The Company will give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. Indemnitee may, within ten days after such written notice of selection is given, deliver to the Company a written

objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 30 days after the later of (1) submission by Indemnitee of a written request for indemnification pursuant to Section 6.1 and (2) the final disposition of the Proceeding, including any appeal therein, no Independent Counsel is selected, or an Independent Counsel for which an objection thereto has been properly made remains unresolved, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which has been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court may designate, and the person with respect to whom all objections are so resolved or the person so appointed will act as Independent Counsel under Section 6.2. The Company will pay any and all fees and expenses incurred by such Independent Counsel in connection with acting pursuant to Section 6.2 hereof, and the Company will pay all fees and expenses incident to the procedures of this Section 6.3, regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 8.1 hereof, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

**6.4 Burden of Proof.** In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination will presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption will have the burden of proof and the burden of persuasion, by clear and convincing evidence. In making a determination with respect to entitlement to indemnification hereunder which under this Agreement, the Certificate, Bylaws or applicable law requires a determination of Indemnitee's good faith and/or whether Indemnitee acted in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company, the person, persons or entity making such determination will presume that Indemnitee has at all times acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption will have the burden of proof and the burden of persuasion, by clear and convincing evidence. Indemnitee will be deemed to have acted in good faith if Indemnitee's action with respect to a particular Enterprise is based on the records or books of account of such Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise; *provided, however* this sentence will not be deemed to limit in any way the other circumstances in which Indemnitee may be deemed to have met such standard of conduct. In addition, the knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of such

Enterprise will not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

**6.5 No Presumption in Absence of a Determination or As Result of an Adverse Determination; Presumption Regarding Success.** Neither the failure of any person, persons or entity chosen to make a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief to make such determination, nor an actual determination by such person, persons or entity that Indemnitee has not met such standard of conduct or did not have such belief, prior to or after the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under this Agreement under applicable law, will be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief.

In addition, the termination of any Proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, will not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by this Agreement or applicable law. In the event that any Proceeding to which Indemnitee is a party is resolved in any manner other than by final adverse judgment (as to which all rights of appeal therefrom have been exhausted or lapsed) against Indemnitee (including, without limitation, settlement of such Proceeding with or without payment of money or other consideration), it will be presumed that Indemnitee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption will have the burden of proof and the burden of persuasion, by clear and convincing evidence.

**6.6 Timing of Determination.** The Company will use its reasonable best efforts to cause any determination required to be made pursuant to Section 6.2 to be made as promptly as practicable after Indemnitee has submitted a written request for indemnification pursuant to Section 6.1. If the person, persons or entity chosen to make a determination does not make such determination within 30 days after the later of the date (a) the Company receives Indemnitee's request for indemnification pursuant to Section 6.1 and (b) on which an Independent Counsel is selected pursuant to Section 6.3, if applicable (and all objections to such person, if any, have been resolved), the requisite determination of entitlement to indemnification will be deemed to have been made and Indemnitee will be entitled to such indemnification, so long as (i) Indemnitee has fulfilled his or her obligations pursuant to Section 6.8 and (ii) such indemnification is not prohibited under applicable law; *provided, however*, that such 30 day period may be extended for a reasonable time, not to exceed an additional 15 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining of or evaluating of documentation and/or information relating thereto.

**6.7 Timing of Payments.** All payments of Losses and Expenses and any other amounts by the Company to the Indemnitee pursuant to this Agreement will be made as soon as practicable after a written request or demand therefor by Indemnitee is presented to the Company, but in no event later than 60 days after (a) such demand is presented or (b) such later date as a determination of entitlement to indemnification is made in accordance with Section 6.6,

if applicable; *provided, however*, that an Expense Advance will be made within the time provided in Section 4.3 or Section 8.4 hereof.

**6.8 Cooperation.** Indemnitee will cooperate with the person, persons or entity making a determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination will be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company will indemnify Indemnitee therefor and will hold Indemnitee harmless therefrom.

**6.9 Time for Submission of Request.** Indemnitee will be required to submit any request for Indemnification pursuant to this Article 6 within a reasonable time, not to exceed two years, after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of *nolo contendere* (or its equivalent) or other full or partial final determination or disposition of the Proceeding (with the latest date of the occurrence of any such event to be considered the commencement of the two year period).

## ARTICLE 7 LIABILITY INSURANCE

**7.1 Company Insurance.** Subject to Section 7.3, the Company will obtain and maintain a policy or policies of insurance with one or more reputable insurance companies providing Indemnitee with coverage in such amount as will be determined by the Board of Directors for Losses and Expenses paid or incurred by Indemnitee as a result of acts or omissions of Indemnitee in his or her Corporate Status, and to ensure the Company's performance of its indemnification obligations under this Agreement; *provided, however*, in all such policies obtained by the Company, Indemnitee will be named as an insured party in such manner as to provide Indemnitee with the same rights and benefits as are afforded to the most favorably insured person, as applicable, of the Company under such policies. Any reductions to the amount of liability insurance coverage maintained by the Company as of the date hereof will be subject to the approval of the Board of Directors. The Company is solely responsible for all premiums, deductibles, retentions, co-insurance and other expenses associated with the procurement and maintenance of such policies.

**7.2 Notice to Insurers.** At the time of receipt by the Company of a notice from any source of a Proceeding as to which Indemnitee is a party or participant, the Company will give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies, and the Company will provide Indemnitee with a copy of such notice and copies of all subsequent correspondence between the Company and such insurers related thereto. The Company will thereafter take all necessary or desirable actions to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

**7.3 Insurance Not Required.** Notwithstanding Section 7.1, the Company will have no obligation to obtain or maintain the insurance contemplated by Section 7.1 if the Board of Directors determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionately high compared to the amount of coverage provided, or if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit. The Company will promptly notify Indemnitee of any such determination not to provide insurance coverage.

**7.4 Other Rights.** The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are the primary source of indemnification and advancement of expenses of Indemnitee for any Expenses or Losses for which Indemnitee is entitled to indemnification under this Agreement and any obligation of the Warburg Group (as defined below) to advance expenses or to provide indemnification for the same expenses or losses incurred by Indemnitee are secondary to the Company's obligation), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses and Losses to the extent legally permitted and as required by the terms of this Agreement and the Certificate and Bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Warburg Group. If the Warburg Group pays or causes to be paid any amount otherwise payable or indemnifiable hereunder, then the Warburg Group shall have a right of contribution and/or be fully subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee against the Company, and the Company shall fully indemnify, reimburse and hold harmless the Warburg Group for all such payments actually made by the Warburg Group. For purposes of this Agreement, the "**Warburg Group**" shall mean Warburg Pincus Private Equity IX, L.P. and Warburg Pincus Private Equity X O&G, L.P. and their affiliates other than the Company.

## **ARTICLE 8 REMEDIES OF INDEMNITEE**

**8.1 Action by Indemnitee.** In the event that (a) a determination is made pursuant to Article 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (b) an Expense Advance is not timely made pursuant to Section 4.3 of this Agreement, (c) no determination of entitlement to indemnification is made within the applicable time periods specified in Section 6.6 or (d) payment of indemnified amounts is not made within the applicable time periods specified in Section 6.7, Indemnitee will be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his or her entitlement to such indemnification or payment of an Expense Advance. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The provisions of Delaware law (without regard to its conflict of laws rules) will apply to any such arbitration. The Company will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

**8.2 De Novo Review if Prior Adverse Determination.** In the event that a determination is made pursuant to Article 6 that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Article 8 will be conducted in



all respects as a *de novo* trial or arbitration, as applicable, on the merits and Indemnitee will not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Article 8, Indemnitee will be presumed to be entitled to indemnification under this Agreement, the Company will have the burden of proving Indemnitee is not entitled to indemnification and the Company may not refer to or introduce evidence of any determination pursuant to Article 6 adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Article 8, Indemnitee will not be required to reimburse the Company for any Expense Advance made pursuant to Article 4 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

**8.3 Company Bound by Favorable Determination by Reviewing Party.** If a determination is made that Indemnitee is entitled to indemnification pursuant to Article 6, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Article 8, absent (a) a misstatement by Indemnitee of a material fact or an omission of a material fact necessary to make Indemnitee's statements in connection with the request for indemnification not materially misleading or (b) a prohibition of such indemnification under law.

**8.4 Company Bears Expenses if Indemnitee Seeks Adjudication.** In the event that Indemnitee, pursuant to this Article 8, seeks a judicial adjudication or arbitration of his or her rights under, or to recover damages for breach of, this Agreement, any other agreement for indemnification, the indemnification or advancement of expenses provisions in the Certificate or Bylaws, payment of an Expense Advance or contribution hereunder or to recover under any director and officer liability insurance policies maintained by the Company, the Company will, to the fullest extent permitted by law, indemnify and hold harmless Indemnitee against any and all Expenses which are paid or incurred by Indemnitee in connection with such judicial adjudication or arbitration, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, payment of Expense Advance or contribution or insurance recovery. In addition, following a determination that Indemnitee is entitled to an Expense Advance under this Section 8.4, if requested by Indemnitee, the Company will (within five days after receipt by the Company of the written request therefor), pay as an Expense Advance such Expenses, to the fullest extent permitted by law.

**8.5 Company Bound by Provisions of this Agreement.** The Company will be precluded from asserting in any judicial or arbitration proceeding commenced pursuant to this Article 8 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such judicial or arbitration proceeding that the Company is bound by all the provisions of this Agreement.

**ARTICLE 9**  
**NON-EXCLUSIVITY, SUBROGATION; NO DUPLICATIVE PAYMENTS;**  
**MORE FAVORABLE TERMS**

**9.1 Non-Exclusivity.** The rights of indemnification and to receive Expense Advances as provided by this Agreement will not be deemed exclusive of any other rights to which

Indemnitee may at any time be entitled under applicable law, the Certificate, the Bylaws, any agreement, a vote of stockholders, a resolution of the Board of Directors or otherwise. To the extent Indemnitee otherwise would have any greater right to indemnification or payment of any advancement of Expenses under any other provisions under applicable law, the Certificate, Bylaws, any agreement, vote of stockholders, a resolution of Board of Directors or otherwise, Indemnitee will be entitled under this Agreement to such greater right. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Certificate, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy will be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

**9.2 Subrogation.** In the event of any payment by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect thereto and Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights (it being understood that all of Indemnitee's reasonable Expenses related thereto will be borne by the Company).

**9.3 No Duplicative Payments.** The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee in respect of Proceedings relating to Indemnitee's service at the request of the Company as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of any Enterprise other than the Company will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other Enterprise.

**9.4 More Favorable Terms.** In the event the Company enters into an indemnification agreement with another officer or director, as the case may be, containing terms more favorable to the indemnitee thereof than the terms contained herein (and absent special circumstances justifying such more favorable terms), Indemnitee will be afforded the benefit of such more favorable terms and such more favorable terms will be deemed incorporated by reference herein as if set forth in full herein. As promptly as practicable following the execution thereof, the Company will (a) send a copy of the agreement containing more favorable terms to Indemnitee, and (b) prepare, execute and deliver to Indemnitee an amendment to this Agreement containing such more favorable terms.

## **ARTICLE 10 DEFENSE OF PROCEEDINGS**

**10.1 Company Assuming the Defense.** Subject to Section 10.3 below, in the event the Company is obligated to pay in advance the Expenses of any Proceeding pursuant to Article 4, the Company will be entitled, by written notice to Indemnitee, to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval will not be unreasonably withheld. The Company will identify the counsel it proposes to employ in connection with such defense as part of the written notice sent to Indemnitee notifying Indemnitee of the Company's election to assume such defense, and Indemnitee will be required, within ten days following Indemnitee's receipt of such notice, to inform the Company of its approval of such counsel or, if it has objections, the reasons therefor. If such objections cannot be resolved by the parties, the Company will identify alternative counsel, which counsel will also be subject to approval by Indemnitee in accordance with the procedure described in the prior sentence.

**10.2 Right of Indemnitee to Employ Counsel.** Following approval of counsel by Indemnitee pursuant to Section 10.1 and retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding; *provided, however*, that (a) Indemnitee has the right to employ counsel in any such Proceeding at Indemnitee's expense and (b) the Company will be required to pay the fees and expenses of Indemnitee's counsel if (i) the employment of counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee reasonably concludes that there is an actual or potential conflict between the Company (or any other person or persons included in a joint defense) and Indemnitee in the conduct of such defense or representation by such counsel retained by the Company or (iii) the Company does not continue to retain the counsel approved by Indemnitee.

**10.3 Company Not Entitled to Assume Defense.** Notwithstanding Section 10.1, the Company will not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or any Proceeding as to which Indemnitee has reasonably made the conclusion provided for in Section 10.2(b)(ii).

## **ARTICLE 11 SETTLEMENT**

**11.1 Company Bound by Provisions of this Agreement.** Notwithstanding anything in this Agreement to the contrary, the Company will have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Company's prior written consent.

**11.2 When Indemnitee's Prior Consent Required.** The Company will not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (a) includes an admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or a Loss for which Indemnitee is not wholly indemnified hereunder or (b) with respect to any Proceeding with respect to which Indemnitee may be or is made a party or a participant or may be or is otherwise entitled to seek indemnification hereunder, does not include, as an unconditional term thereof, the full release of

Indemnatee from all liability in respect of such Proceeding, which release will be in form and substance reasonably satisfactory to Indemnatee.

**11.3 Consent.** Neither the Company nor Indemnatee will unreasonably withhold, condition or delay its consent to any proposed settlement; provided, however, Indemnatee may withhold consent to any settlement that does not provide a full and unconditional release of Indemnatee from all liability in respect of such Proceeding.

## **ARTICLE 12 DURATION OF AGREEMENT**

**12.1 Duration of Agreement.** This Agreement will continue until and terminate upon the latest of (a) the statute of limitations applicable to any claim that could be asserted against an Indemnatee with respect to which Indemnatee may be entitled to indemnification and/or an Expense Advance under this Agreement, (b) ten years after the date that Indemnatee has ceased to serve as a director or officer of the Company or as a director, officer, employee, partner, member, manager, fiduciary or agent of any other Enterprise which Indemnatee served at the request of the Company, or (c) if, at the later of the dates referred to in (a) and (b) above, there is pending a Proceeding in respect of which Indemnatee is granted rights of indemnification or the right to an Expense Advance under this Agreement or a Proceeding commenced by Indemnatee pursuant to Article 8 of this Agreement, one year after the final termination of such Proceeding, including any and all appeals.

## **ARTICLE 13 MISCELLANEOUS**

**13.1 Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties in respect of the subject matter hereof and supersedes all prior understandings, agreements or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof; *provided, however*, it is agreed that the provisions contained in this Agreement are a supplement to, and not a substitute for, any provisions regarding the same subject matter contained in the Certificate, the Bylaws and any employment or similar agreement between the parties.

**13.2 Assignment; Binding Effect; Third Party Beneficiaries.** No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other and any such assignment by a party without prior written approval of the other parties will be deemed invalid and not binding on such other parties. All of the terms, agreements, covenants, representations, warranties and conditions of this Agreement are binding upon, and inure to the benefit of and are enforceable by, the parties and their respective successors, permitted assigns, heirs, executors and personal and legal representatives. There are no third party beneficiaries having rights under or with respect to this Agreement.

**13.3 Notices.** All notices, requests and other communications provided for or permitted to be given under this Agreement must be in writing and be given by personal delivery, by certified or registered United States mail (postage prepaid, return receipt requested), by a

nationally recognized overnight delivery service for next day delivery, or by facsimile transmission, as follows (or to such other address as any party may give in a notice given in accordance with the provisions hereof):

If to Indemnitee, to:

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Facsimile:

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If to the Company, to:

Laredo Petroleum, Inc.  
15 W. Sixth Street, Suite 900  
Tulsa, Oklahoma 74119  
Attention: General Counsel  
Facsimile: (918) 513-4571

with a copy (which will not constitute notice) to:

Akin Gump Strauss Hauer & Feld LLP  
1111 Louisiana Street, 44th Floor  
Houston, Texas 77002  
Attention: Christine B. LaFollette  
Facsimile: (713) 236-0822

All notices, requests or other communications will be effective and deemed given only as follows: (i) if given by personal delivery, upon such personal delivery, (ii) if sent by certified or registered mail, on the fifth business day after being deposited in the United States mail, (iii) if sent for next day delivery by overnight delivery service, on the date of delivery as confirmed by written confirmation of delivery, (iv) if sent by facsimile, upon the transmitter's confirmation of receipt of such facsimile transmission, except that if such confirmation is received after 5:00 p.m. (in the recipient's time zone) on a business day, or is received on a day that is not a business day, then such notice, request or communication will not be deemed effective or given until the next succeeding business day. Notices, requests and other communications sent in any other manner, including by electronic mail, will not be effective.

**13.4 Specific Performance; Remedies.** Each party acknowledges and agrees that the other party would be damaged irreparably if any provision of this Agreement were not performed

in accordance with its specific terms or were otherwise breached. Accordingly, the parties will be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and its provisions in any action or proceeding instituted in any state or federal court sitting in Delaware having jurisdiction over the parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity. Except as expressly provided herein, the rights, obligations and remedies created by this Agreement are cumulative and in addition to any other rights, obligations or remedies otherwise available at law or in equity. Except as expressly provided herein, nothing herein will be considered an election of remedies.

**13.5 Submission to Jurisdiction.** Except with respect to any arbitration or suit in an alternative court of competent jurisdiction commenced by Indemnitee pursuant to Section 8.1 hereof, any Proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement may only be brought in the Court of Chancery of the State of Delaware or, if such Court shall lack subject-matter jurisdiction over such action, then in any such other state court of the State of Delaware as may have subject-matter jurisdiction over such action, which will be the exclusive and only proper forum for adjudicating such Proceeding, and each party consents to the exclusive jurisdiction and venue of such court (and of the appropriate appellate courts therefrom) in any such Proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such Proceeding in any such court or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Process in any such action, suit or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court, and the parties hereto consent to service of process at the address provided in Section 13.3 hereof with the same legal force and validity as if served on such party personally within the State of Delaware.

**13.6 Headings.** The article and section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

**13.7 Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law principles.

**13.8 Amendment.** This Agreement may not be amended or modified except by a writing signed by all of the parties.

**13.9 Extensions; Waivers.** Any party may, for itself only, (a) extend the time for the performance of any of the obligations of any other party under this Agreement, (b) waive any inaccuracies in the representations and warranties of any other party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any such extension or waiver will be valid only if set forth in a writing signed by the party to be bound thereby. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation

or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence. Neither the failure nor any delay on the part of any party to exercise any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise of the same or of any other right or remedy.

**13.10 Severability.** The provisions of this Agreement will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof; provided that if any provision of this Agreement, as applied to any party or to any circumstance, is judicially determined not to be enforceable in accordance with its terms, the parties agree that the court judicially making such determination may modify the provision in a manner consistent with its objectives such that it is enforceable, and/or to delete specific words or phrases, and in its modified form, such provision will then be enforceable and will be enforced.

**13.11 Counterparts; Effectiveness.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, which delivery may be made by exchange of copies of the signature page by facsimile transmission.

**13.12 Construction.** This Agreement has been freely and fairly negotiated among the parties. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party because of the authorship of any provision of this Agreement. Any reference to any law will be deemed also to refer to such law as amended and all rules and regulations promulgated thereunder, unless the context requires otherwise. The words “include,” “includes,” and “including” will be deemed to be followed by “without limitation.” Pronouns in masculine, feminine, and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words “this Agreement,” “herein,” “hereof,” “hereby,” “hereunder,” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The parties intend that each representation, warranty, and covenant contained herein will have independent significance. If any party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached will not detract from or mitigate the fact that the party is in breach of the first representation, warranty, or covenant. Time is of the essence in the performance of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**LAREDO PETROLEUM, INC.**

By: \_\_\_\_\_

Name:

Title:

**Indemnitee**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

[Signature Page to Indemnification Agreement]



## SCHEDULE 1

Bank	Maximum Credit Amount	Elected Commitment	Commitment Percentage
Wells Fargo Bank, N.A.	\$191,666,666.67	\$105,416,666.67	9.583%
Bank of America, N.A.	\$166,666,666.66	\$91,666,666.66	8.333%
ABN AMRO Capital USA LLC	\$116,666,666.66	\$64,166,666.67	5.833%
BMO Harris Financing, Inc.	\$166,666,666.66	\$91,666,666.66	8.333%
Societe Generale	\$141,666,666.66	\$77,916,666.66	7.083%
Capital One, National Association	\$166,666,666.66	\$91,666,666.66	8.333%
Compass Bank	\$116,666,666.66	\$64,166,666.67	5.833%
Comerica Bank	\$91,666,666.66	\$50,416,666.67	4.583%
BOKF, NA DBA Bank of Oklahoma	\$116,666,666.66	\$64,166,666.67	5.833%
Branch Banking and Trust Company	\$116,666,666.66	\$64,166,666.67	5.833%
The Bank of Nova Scotia, Houston Branch	\$141,666,666.66	\$77,916,666.66	7.083%
Barclays Bank PLC	\$116,666,666.66	\$64,166,666.67	5.833%
Citibank, N.A.	\$116,666,666.66	\$64,166,666.67	5.833%
Credit Suisse AG, Cayman Islands Branch	\$116,666,666.66	\$64,166,666.67	5.833%
Goldman Sachs Bank USA	\$116,666,666.66	\$64,166,666.67	5.833%
<b>Totals:</b>	<b>\$2,000,000,000.00</b>	<b>\$1,100,000,000.00</b>	<b>100.00%</b>

Administrative Agent	Address for Notice
Wells Fargo Bank, N.A.	<p><i>Credit Contact:</i>  1445 Ross Ave., Suite 4500, T9216-451  Dallas, TX 75202  Attn: Jason M. Hicks  Tel: 214-721-8214  Fax: 214-721-8215  Email: jason.m.hicks@wellsfargo.com</p> <p><i>Primary Operations Contact:</i>  1525 W WT Harris Blvd, 1st Floor  Charlotte, NC 28262-8522  MAC D1109-019  Attn: Agency Services  Tel: 704-590-2706  Fax: 704-590-2782</p>

## CERTIFICATION

I, Randy A. Foutch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Laredo Petroleum, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2019

/s/ Randy A. Foutch

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Randy A. Foutch

*Chairman and Chief Executive Officer*

## CERTIFICATION

I, Michael T. Beyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Laredo Petroleum, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2019

/s/ Michael T. Beyer

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Michael T. Beyer

*Senior Vice President and Chief Financial Officer*

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Randy A. Foutch, Chairman and Chief Executive Officer of Laredo Petroleum, Inc. (the "Company"), and Michael T. Beyer, Senior Vice President and Chief Financial Officer of the Company, certify that, to their knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the period ending March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 2, 2019

/s/ Randy A. Foutch

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Randy A. Foutch

*Chairman and Chief Executive Officer*

May 2, 2019

/s/ Michael T. Beyer

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Michael T. Beyer

*Senior Vice President and Chief Financial Officer*